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A comprehensive compilation of decisions, reports, public notices and other documents of the Federal Communications Commission of the United States.

FEDERAL COMMUNICATIONS COMMISSION

Dennis R. Patrick, Chairman

James H. Quello

Patricia Diaz Dennis

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Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 89-313

In re Applications of

CONTEMPORARY MEDIA, INC.
WBOW, Terre Haute, Indiana
Has: 1230 kHz, 1 kW, U
Req: 640 kHz, 250 W, DA-N, U
File No. BP-870331BX

NU-VIEW ASSOCIATES, INC.
Battle Ground, Indiana
Req: 640 kHz, 0.25 kW, 0.38 kW-LS, DA-2, U
File No. BP-871029AE

For Construction Permit

HEARING DESIGNATION ORDER

Adopted: June 27, 1989; Released: July 17, 1989

By the Chief, Audio Services Division:

1. The Commission, by the Chief, Audio Services Division, acting pursuant to delegated authority, has under consideration: (i) the above-captioned mutually exclusive applications; (ii) an informal objection to the Nu-View Associates, Inc. ("Nu-View") application filed by Mr. Cy Gerde, the attorney representing the neighbors of the proposed station; (iii) an informal objection to the Nu-View application filed by Contemporary Media, Inc. ("Contemporary"); and (iv) related pleadings.

2. *The Nu - View Associates, Inc. application.* In his informal objection filed on behalf of the neighbors of the proposed Nu-View station, Mr. Cy Gerde states that Nu-View's public notice identifies an erroneous site location and that materials available for public inspection have numerous errors which tend to confuse the public. However, Mr. Gerde fails to specifically identify those errors, and does not clarify the erroneous location allegation. Based on this information, the informal objection filed on behalf of the neighbors of the proposed Nu-View station is without merit and must be denied.

3. With reference to the informal objection to the Nu-View application filed by Contemporary, we note initially that Contemporary was correct in submitting its pleading as an informal objection, as it was not filed within the time constraints of Section 73.3584(a) of the Commission's Rules. That rule states that a petition to deny must be filed within thirty days after the issuance of a public notice of the acceptance for filing of the application. Because the deadline for filing a petition to deny the Nu-View application was May 13, 1988, the pleading filed September 9, 1988 will be treated as an informal objection under Section 73.3587 of the Rules.

4. In its informal objection to the Nu-View application, Contemporary contends that the Nu-View application should be dismissed because of the following defects: lack of a transmitter site upon filing; no present site; and false site certification and misrepresentation. To support these allegations, Contemporary submits a declaration of Mr. Ted Hunt, the owner of the property for the proposed transmitter site. Contemporary contends that Mr. Hunt's statement demonstrates that Nu-View did not have reasonable assurance that the site was available and therefore misrepresented itself to the Commission.

5. In its response to these allegations, Nu-View submits an affidavit of its real estate agent Robert Adams, to demonstrate that, based on Adams' representation to Nu-View, Nu-View did have reasonable assurance that Mr. Hunt's property was available for sale for a transmitter site. In carefully examining both the statements of Mr. Hunt, the landowner, and Mr. Adams, the real estate agent, it is clear that they are not inconsistent. Mr. Hunt states that he did meet with two different realtors on four or five separate occasions, but that no commitment had been made regarding the sale of his property. Mr. Adams states that after a meeting and several discussions with Mr. Hunt, the two had a mutual understanding that the property would be available for sale, and that although an initial price of $1,000 per acre was discussed, they would decide the exact price and details when the proper time arose.

6. Although reasonable assurance of the availability of an antenna site may be predicated on something less than a formal agreement, there must be at least a meeting of the minds as to the key lease terms upon which the site would be made available. Informal discussions which do not result in an understanding between the parties are insufficient to serve as the requisite reasonable assurance. *See, Meredith Corp.*, 61 RR 2d 1262 (ALJ, 1986). The fact that Mr. Hunt simply states that there was no commitment does not negate Mr. Adams' statement that the two did have a mutual understanding about the availability of the property. Based on these two statements, we find that it was understandable for Nu-View to believe that it had reasonable assurance of the availability of an antenna site when it submitted its certification of site availability form. Accordingly, Contemporary's informal objection must be denied.

7. In Nu-View's response to Contemporary's informal objection, we have found that Jeffrey A. Pence has been appointed President of Nu-View. However, Mr. Pence is not listed in the original FCC Form 301, which identifies Kent A. Nussbaum as President. Furthermore, the original application does not identify Mr. Pence as an officer or stockholder of Nu-View, nor has his substitution for Mr. Nussbaum been reported by an amendment to that application. Consequently, we are unable to determine whether this substitution of Mr. Pence for Mr. Nussbaum constituted a major change pursuant to 47 C.F.R. Section 73.3571(b) and (j)(2), thereby rendering Nu-View's application unacceptable, or, whether Nu-View, in failing to report the substitution of Pence for Nussbaum, made misrepresentations to the Commission, was lacking in candor in its dealings with the Commission, or attempted to deceive the Commission. Accordingly, appropriate issues will be specified below.

8. Except as indicated by the issues specified below, all applicants are qualified to construct and operate as proposed.[1] However, since the proposals are for different

communities, we will specify an issue to determine pursuant to Section 307(b) of the Communications Act of 1934, as amended, which proposal or combination of proposals, would better provide a fair, efficient, and equitable distribution of radio service. We will also specify a contingent comparative issue, should such an evaluation of the proposals prove warranted.

9. Accordingly, IT IS ORDERED, That pursuant to Section 309(e) of the Communications Act of 1934, as amended, the applications ARE DESIGNATED FOR HEARING IN A CONSOLIDATED PROCEEDING to be held before an Administrative Law Judge at a time and place to be specified in a subsequent Order, upon the following issues:

1. To determine whether the substitution of Jeffrey A. Pence for Kent A. Nussbaum constituted a major change pursuant to 47 C.F.R. Section 73.3571(b) and (j)(2).

2. To determine whether Nu-View, in failing to report the substitution of Pence for Nussbaum, made misrepresentations to the Commission, was lacking in candor in its dealings with the Commission, or attempted to deceive the Commission.

3. If Issue 1 is resolved in the affirmative, the effect thereof on the acceptability of Nu-View's application.

4. If Issue 2 is resolved in the affirmative, the effect thereof on Nu-View's basic qualifications.

5. To determine: (a) the areas and populations which would gain or lose primary aural service from the proposal of Contemporary Media, Inc. and the availability of other primary service to such areas and populations, (b) the areas and populations which would receive primary aural service from the Nu-View Associates proposal and the availability of other primary service to such areas and populations, and (c) in light thereof and pursuant to Section 307(b) of the Communications Act of 1934, as amended, which proposal would better provide a fair, efficient and equitable distribution of radio service.

6. To determine in the event it is concluded that a choice between the applicants should not be based solely on considerations relating to Section 307(b), which of the proposals would, on a comparative basis, better serve the public interest.

7. To determine in light of the evidence adduced pursuant to the foregoing issues, which of the applications should be granted.

10. IT IS FURTHER ORDERED, That the informal objection filed by Mr. Cy Gerde IS DENIED.

11. IT IS FURTHER ORDERED, That the informal objection filed by Contemporary Media, Inc. IS DENIED.

12. IT IS FURTHER ORDERED, That in addition to the copy served on the Chief, Hearing Branch, a copy of each amendment filed in this proceeding shall be served on the Chief, Data Management Staff, Audio Services Division, Mass Media Bureau, Room 350, 1919 M Street, N.W., Washington, D.C. 20554.

13. IT IS FURTHER ORDERED, That to avail themselves of an opportunity to be heard, the applicants shall, pursuant to Section 1.221(c) of the Commission's Rules, in person or by attorney, within 20 days of the mailing of this Order, file with the Commission in triplicate, a written appearance stating an intention to appear on the date fixed for the hearing and present evidence on the issues specified in this Order.

14. IT IS FURTHER ORDERED, That the applicants herein shall, pursuant to Section 311(a)(2) of the Communications Act of 1934, as amended, and Section 73.3594 of the Commission's Rules, give notice of the hearing within the time and in the manner prescribed in such Rule, and shall advise the Commission of the publication of such notice as required by Section 73.3594(g) of the Rules.

FEDERAL COMMUNICATIONS COMMISSION

W. Jan Gay, Assistant Chief
Audio Services Division
Mass Media Bureau

FOOTNOTE

[1] Operation with the facilities specified herein is subject to modification, suspension or termination without right to hearing, if found by the Commission to be necessary in order to conform to the Final Acts of the ITU Administrative Conference on Medium Frequency Broadcasting in Region 2 Rio de Janeiro 1981 and to bilateral and other multilateral agreements between the United States and other countries.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 89-311

In re Applications of

MARC A. ALBERT (hereafter: Albert) — File No. BPH-870918MC

TAYLOR COMMUNICATIONS OF SYRACUSE, INC. (hereafter: Taylor) — File No. BPH-870918ML

SALT CITY COMMUNICATIONS, INC. (hereafter: Salt City) — File No. BPH-870918MN

HUSTON TELECOM, INC. (hereafter: Huston) — File No. BPH-870918MX

D.J.'S BROADCASTING CO. (hereafter: D.J.'s) — File No. BPH-870918MY

For Construction Permit for a New FM Station on Channel 290A, Syracuse, New York

HEARING DESIGNATION ORDER

Adopted: June 27, 1989; Released: July 17, 1989

By the Chief, Audio Services Division:

1. The Commission has before it the above-captioned mutually exclusive applications for a new FM station.

2. *Preliminary Matters.* On June 8, 1989, D.J.'s filed a "Motion To Dismiss, Or, In the Alternative, To Specify Issues" against Huston. The Commission's *Report and Order* in re *Revised Procedures for the Processing of Contested Broadcasting Applications: Amendment of Part I of the Commission's Rules*, 72 FCC 2d 202 (1979), directed the deletion of all issue pleadings in pending cases. Thus, ordinarily, we would not consider the matters sought to be raised in the petition. Rather, we would afford the party an opportunity to raise any allegations contained therein post-designation pursuant to Section 1.229. However, in light of our action below, D.J.'s petition will be dismissed as moot.

3. *Huston.* Information before the Commission indicates that Huston was organized and is affiliated with Sonrise Management Services ("Sonrise"). Sonrise has been the subject of numerous "real party-in-interest" issues added by presiding Administrative Law Judges in a number of mutually exclusive proceedings. For example, issues concerning Sonrise have been designated in each of the following proceedings:

City/State	Docket No.,
Solona, Florida	87-464
Rockledge, Florida	87-556
Silver Springs, Florida	88-119
East Ridge, Tennessee	88-122
Oliver Springs, Tennessee	88-201
Des Moines, Iowa	88-238
Nags Head, North Carolina	88-277
Tyler, Texas	88-280
Raleigh, North Carolina	88-306
Sedona, Arizona	88-335
Mableton, Georgia	88-400
Evansville, Indiana	88-403
Swanton, Ohio	88-432
Atlantic City, New Jersey	88-433

4. An identical three-fold issue was specified in each of the above proceedings: whether or not Sonrise was a real party in interest in the subject applicant, whether or not the applicant's organizational structure was a sham, and the effect thereof on the applicant's qualifications to be a Commission licensee. In each of the proceedings listed above, the Sonrise-affiliated applicant has dismissed its application rather than resolve the potentially disqualifying character issue. This unresolved character issue calls into question Huston's qualification to be a Commission licensee. Therefore, since the issue remains unanswered, it will be specified and tried in this proceeding.

5. Item 5(e) of Section II, FCC Form 301 (October 1986) requires applicants to indicate if the applicant or any party to it has or has had an interest in "a broadcast application in any pending or concluded Commission proceeding which left unresolved character issues against the application." If answered in the affirmative, the applicant is to provide the name of the party having an interest, the nature of the interest or connection and dates, the call letters or file number of the application or docket number, and the location. Huston responded to Item 5(e) in the negative, which was correct as of September 18, 1987, the date of filing. However, Commission records indicate that G.G. Browder and James C. Russell are limited partners in the Crawford, Georgia proceeding, MM Docket No. 88-294, in which character issues were added on December 21, 1988. Huston failed to timely amend its application pursuant to 47 C.F.R. § 1.65 to notify the Commission of the outstanding character issues. Accordingly an appropriate issue will be specified below.

6. On January 7, 1988, Huston filed an amendment: (1) to change its business structure from a general partnership to a corporation; and (2) to change the location of its transmitter site. The legal portion of the amendment is acceptable. However, the engineering portion of the amendment amounts to a "suicide amendment" because it causes a conflict with BPH-870910MP, Rochester, New York, and was filed after the closing of the "window" for the Rochester allocation. Thus, acceptance of this amendment would result in the dismissal of Huston's application. Accordingly, the engineering portion of the amendment will be returned and the engineering portion

of the application will be considered as originally filed. *See, e.g., St. Croix Wireless Co.*, 2 FCC Rcd 4447 (Hearing Designation Order, 1987), and cases cited therein.

7. *Taylor*. Taylor has indicated that J.J. Taylor Companies, Inc. ("Companies") is party to a judicial proceeding presently being litigated. The proceeding is *Albert C. Haik v. J. J. Taylor Distributing Company, d/b/a East Side Beverage Company*, Minnesota Department of Human Rights (MDHR) Charge No. E15572-MA5-2C and Equal Employment Opportunity Commission (EEOC) Charge No. 265-87-1259. This action involves two identical age discrimination charges filed by Albert C. Haik, a former employee of Companies. On January 2, 1987, Mr. Haik filed a charge with the MDHR, which was also transmitted to the EEOC for filing. He alleges that his termination was based on his age. J.J. Taylor disputes Mr. Haik's claim. An appropriate condition will be specified.

8. *Divestiture*. Merrill Charles is employed on a fulltime basis by WTVH-TV, Syracuse, New York. Although Charles did not indicate in what capacity he is employed, he has indicated his intent to terminate his relationship with WTVH-TV in the event of grant of the referenced application. Accordingly, in the event of grant of Salt City's application, Charles will be required to sever all connections with WTVH-TV prior to the commencement of program test authority.

9. *City Coverage*. Albert, Taylor and D.J.'s do not provide a 3.16 mV/m signal to the entire proposed city of license as required by Section 73.315(a) of the Commission's Rules. The FM Branch does not require waiver of this requirement unless the proposed 3.16 mV/m coverage falls below 80% of the area of the principal community. *See John R. Hughes*, 50 Fed. Reg. 5679 (February 11, 1985). *See also Southwest Communications, Inc.*, released July 16, 1986 (letter from the Chief, FM Branch, reference 8920-HVT). Albert's and Taylor's 3.16 mV/m contours are in substantial compliance with this requirement: Albert's contour covers approximately 83.4% of the community of license and Taylor's approximately 85% of the community of license. Accordingly, no waiver is required.

10. D.J.'s contour covers approximately 77.2% of the community of license. D.J.'s has requested a waiver of Section 73.315(a) of the Commission's Rules. In support of its waiver request, D.J.'s states that: (1) due to the site restriction north of the community of license, the area in which to locate a transmitter site is limited, and any site within that area has the potential of not providing the required 3.16 mV/m signal strength to the entire city; (2) line-of-sight propagation is provided to the entire area within the city boundary of Syracuse (including the area where the required signal strength of 3.16 mV/m is not provided; and (3) the city boundary does not extend beyond 8 miles (13 km) from the transmitter site, and the standard prediction method of computing the 3.16 mV/m signal indicates that the proposed signal here should extend approximately 8.6 miles (13.8 km). We have examined the waiver request and find that the reasons set forth by D.J.'s are not sufficient to justify its waiver request for two reasons. First, provision of at least 80% percent coverage of the community of license is possible, as evidenced by the proposals of the other four applicants in this proceeding. Second, line-of-sight coverage is not an acceptable substitute for providing less than the requisite signal strength to at least 80% of the community of license. (Indeed, line-of-sight coverage is admonitory rather than mandatory pursuant to our Rules.) D.J.'s has not provided circumstances which warrant a waiver of Section 73.315(a), and an appropriate issue will be specified.

11. *Late - filed Amendments*. Taylor has petitioned for leave to amend its application on the dates specified below. The accompanying amendments were filed after January 7, 1988, the last date for filing minor amendments as of right. Under Section 1.65 of the Commission's Rules, the amendments are accepted for filing. However, an applicant may not improve its comparative position after the time for filing amendments as of right has passed. Therefore, any comparative advantage resulting from the amendments will be disallowed.

APPLICANT	AMENDMENTS FILED
Taylor	March 11, 1988; March 18, 1988; May 3, 1988; June 17, 1988; Jan. 30, 1989; Feb. 8, 1989; March 6, 1989; April 7, 1989
Huston	June 22, 1989

12. *Areas and Populations*. Data submitted by the applicants indicate there would be significant difference in the size of the areas and populations which would receive service from the proposals. Consequently, the areas and populations which would receive FM service of 1 mV/m or greater intensity, together with the availability of other primary aural services in such areas, will be considered under the standard comparative issue for the purpose of determining whether a comparative preference should accrue to any of the applicants.

13. *Air Hazard*. The FAA has determined that the antenna supporting structure proposed by Taylor constitutes a hazard to air navigation. An issue with respect thereto will be specified below. Additionally, attempts to obtain FAA clearance through the Commission's Antenna Survey Branch and the remaining applicants have been unsuccessful. Accordingly, since no determination has been received as to whether the antenna supporting structure proposed by Albert, Salt City, Huston and D.J.'s would constitute a hazard to air navigation, an issue with respect thereto will be included and the FAA made a party to the proceeding.

14. Except as may be indicated by any issues specified below, the applicants are qualified to construct and operate as proposed. Since the proposals are mutually exclusive, they must be designated for hearing in a consolidated proceeding on the issues specified below.

15. Accordingly, IT IS ORDERED, That, pursuant to Section 309(e) of the Communications Act of 1934, as amended, the applications ARE DESIGNATED FOR HEARING IN A CONSOLIDATED PROCEEDING, at a time and place to be specified in a subsequent Order, upon the following issues:

1. To determine whether Sonrise Management Services, Inc. is an undisclosed party to the application of Huston.

2. To determine whether Huston's organizational structure is a sham.

3. To determine whether Huston violated Section 1.65 of the Commission's Rules, and/or lacked candor, by failing to report: (1) the designation of character issues against other applicants in which

one or more of its partners has an ownership interest; (2) the dismissal of such ownership interest and/or the dismissal of such applications with unresolved character issues pending; and (3) the interest held by one or more of its partners in applications pending before the Commission.

4. To determine, from the evidence adduced pursuant to Issues 1 through 3 above, whether Huston possesses the basic qualifications to be a licensee of the facilities sought herein.

5. To determine whether D.J.'s proposal would provide coverage of the city sought to be served, as required by Section 73.315(a) of the Commission's Rules, and, if not, whether circumstances exist which warrant waiver of that Section.

6. To determine whether there is a reasonable possibility that the tower height and location proposed by Albert, Taylor, Salt City, Huston and D.J.'s would constitute a hazard to air navigation.

7. To determine which of the proposals would, on a comparative basis, best serve the public interest.

8. To determine, in light of the evidence adduced pursuant to the specified issues, which of the applications should be granted, if any.

16. IT IS FURTHER ORDERED, That the June 8, 1989 Motion To Dismiss, Or, In The Alternative, To Specify Issues, filed by D.J.'s against Sonrise IS HEREBY DISMISSED AS MOOT.

17. IT IS FURTHER ORDERED, That, in the event a construction permit is awarded to Taylor as a result of this proceeding, its grant shall be without prejudice to whatever action, if any, the Commission may deem appropriate as a result of the outcome in the case noted in Paragraph 7 herein.

18. IT IS FURTHER ORDERED, That the engineering portion of Huston's January 7, 1988 amendment IS HEREBY RETURNED.

19. IT IS FURTHER ORDERED, That, in the event of grant of Salt City's application, Merrill Charles will be ordered to sever all connections with station WTVH-TV prior to the commencement of program test authority.

20. IT IS FURTHER ORDERED, That the petitions for leave to amend filed by Taylor and Huston ARE GRANTED, and the corresponding amendments ARE ACCEPTED to the extent indicated herein.

21. IT IS FURTHER ORDERED, That the Federal Aviation Administration IS MADE A PARTY to this proceeding with respect to the air hazard issue only.

22. IT IS FURTHER ORDERED, That in addition to the copy served on the Chief, Hearing Branch, a copy of each amendment filed in this proceeding subsequent to the date of adoption of this Order shall be served on the Chief, Data Management Staff, Audio Services Division, Mass Media Bureau, Room 350, 1919 M St., N.W., Washington, D.C. 20554.

23. IT IS FURTHER ORDERED, That, to avail themselves of the opportunity to be heard, the applicants and any party respondent herein shall, pursuant to Section 1.221(c) of the Commission's Rules, in person or by attorney, within 20 days of the mailing of this Order, not later than, file with the Commission, in triplicate, a written appearance stating an intention to appear on the date fixed for hearing and to present evidence on the issues specified in this Order.

24. IT IS FURTHER ORDERED, That the applicants herein shall, pursuant to Section 311(a)(2) of the Communications Act of 1934, as amended, and Section 73.3594 of the Commission's Rules, give notice of the hearing within the time and in the manner prescribed in such Rule, and shall advise the Commission of the publication of such notice as required by Section 73.3594(g) of the Rules.

FEDERAL COMMUNICATIONS COMMISSION

W. Jan Gay, Assistant Chief
Audio Services Division
Mass Media Bureau

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 89-310

In re Applications of

EAST CAROLINA RADIO ASSOCIATES LIMITED PARTNERSHIP (hereafter "ECR") — File No. BPH-871008MB

MIKE CONNER d/b/a CONNER BROADCASTING (hereafter "Conner") — File No. BPH-871008ME

For Construction Permit for a New FM Station on Channel 231A in New Bern, North Carolina

HEARING DESIGNATION ORDER

Adopted: June 27, 1989; Released: July 17, 1989

By the Chief, Audio Services Division:

1. The Commission has before it the above-captioned mutually exclusive applications for a new FM station.

2. *ECR*. ECR specified in its application that it is a limited partnership consisting of a general partner, Mack L. Freeze, and a limited partner, East Carolina Radio Associates. Principals of the limited partner are involved with seventeen other applications for new FM facilities. However, ECR failed to provide an insulation statement wholly satisfying the requirements of the Commission's *Attribution Reconsideration Order*, 58 RR 2d 604, 618 (1985).[1] In order to ensure its application's compliance with the Commission's multiple ownership rules and cross-interest policy, ECR will be required to file an amendment with the presiding Administrative Law Judge within 30 days of the release of this Order.

3. ECR amended its application on December 28, 1987 to report a name change to East Carolina Radio Associates Limited Partnership. On two subsequent amendments filed December 12, 1988 and March 28, 1989 ECR listed the applicant's name as East Carolina Radio Limited Partnership. Because of the discrepancy in the applicant's name, ECR will be required to file a corrective amendment and a copy of their limited partnership agreement.

4. Information before the Commission indicates that ECR was organized and is affiliated with Sonrise Management Services ("Sonrise"). Sonrise has been the subject of numerous "real party-in-interest" issues added by presiding Administrative Law Judge in a number of mutually exclusive proceedings. For example, issues concerning Sonrise have been designated in each of the following proceedings:

City/State	Docket No.
Solona, Florida	87-464
Rockledge, Florida	87-556
Silver Springs, Florida	88-119
East Ridge, Tennessee	88-122
Oliver Springs, Tennessee	88-201
Des Moines, Iowa	88-238
Nags Head, North Carolina	88-277
Tyler, Texas	88-280
Raleigh, North Carolina	88-306
Sedona, Arizona	88-335
Mableton, Georgia	88-400
Evansville, Indiana	88-403
Swanton, Ohio	88-432
Atlantic City, New Jersey	88-433

5. An identical three-fold issue was specified in each of the above proceedings: whether or not Sonrise was a real party in interest in the subject applicant, whether or not the applicant's organizational structure was a sham, and the effect thereof on the applicant's qualifications to be a Commission licensee. In each of the proceedings listed above, the Sonrise-affiliated applicant has dismissed its application rather than litigate the potentially disqualifying character issue. This unresolved character issue calls into question ECR's qualification to be a Commission licensee. Therefore, since the issue remains unanswered, it will be specified and tried in this proceeding.

6. Item 5(e) of Section II, FCC Form 301 (October 1986) requires applicants to indicate if the applicant or any party to it has or has had an interest in "a broadcast application in any pending or concluded Commission proceeding which left unresolved character issues against the application." If answered in the affirmative, the applicant is to provide the name of the party having an interest, the nature of the interest or connection and dates, the call letters or file number of the application or docket number, and the location. ECR has responded to Item 5(e) in the negative. However, Commission records indicate that Robert L. Groat is a limited partner in the Sedona, Arizona proceeding. Additionally, R.L. Groat is a limited partner in the Swanton, Ohio proceeding. However, ECR has failed to timely amend its application pursuant to 47 C.F.R. § 1.65 to notify the Commission of the outstanding character issues. Accordingly, an appropriate issue will be specified below.

7. *Conner*. Conner proposes to mount its antenna on the former tower of WSFL(FM). The coordinates listed in Conner's Section V-B of FCC Form 301 (October 1986) are inconsistent, however, with those contained in the Commission's records. In Item 2(b), Section V-B of FCC Form 301, Conner lists the coordinates of the existing tower as 35^0 *08' 04* " North Latitude and 77^0 *03' 49* West Longitude. However, in a previous license application (BLH-830223AH granted April 26, 1984), WSFL(FM) had coordinates of 35^0 ' 08' *03* " North Latitude and 77^0 03' *51* " West Longitude. Conner states in its application that it filed with the Federal Aviation Administration ("FAA") on October 5, 1987 to correct the discrepancy in the coordinates. Accordingly, Conner must either file an amendment correcting the coordinates listed in their application, or submit documentation to establish that the coordinates specified are, in fact, correct and the Commission's records are in error. In addition, because of the discrepancies in the coordinates, an air hazard issue will be specified.

8. *Other Matters*. ECR petitioned for leave to amend its application on December 28, 1987; December 12, 1988 and March 28, 1989. The accompanying amendments were filed after December 22, 1987, the last date for filing minor amendments as of right. Under Section 1.65 of the Commission's Rules, the amendments are accepted for filing. However, an applicant may not improve its comparative position after the time for filing amendments as of right has passed. Therefore, any comparative advantage resulting from the amendments will be disallowed.

9. Attempts to obtain FAA clearance through the Commission's Antenna Survey Branch and ECR have been unsuccessful. Accordingly, since no determination has been received as to whether the antenna proposed by ECR would constitute a hazard to air navigation, an issue with respect thereto will be included and the FAA made a party to the proceeding.

10. Data submitted by the applicants indicate there would be significant difference in the size of the populations which would receive service from the proposals. Consequently, the areas and populations which would receive FM service of 1 mV/m or greater intensity, together with the availability of other primary aural services in such areas, will be considered under the standard comparative issue for the purpose of determining whether a comparative preference should accrue to any of the applicants.

11. Except as may be indicated by any issues specified below, the applicants are qualified to construct and operate as proposed. Since the proposals are mutually exclusive, they must be designated for hearing in a consolidated proceeding on the issues specified below.

12. Accordingly, IT IS ORDERED, That, pursuant to Section 309(e) of the Communications Act of 1934, as amended, the applications ARE DESIGNATED FOR HEARING IN A CONSOLIDATED PROCEEDING, at a time and place to be specified in a subsequent Order, upon the following issues:

1. To determine whether Sonrise Management Services, Inc. is an undisclosed party to the application of ECR.

2. To determine whether ECR's organizational structure is a sham.

3. To determine whether ECR violated Section 1.65 of the Commission's Rules, and/or lacked candor, by failing to report the designation of character issues against other applicants in which one or more of its partners has an ownership interest and/or the dismissal of such ownership interest and/or the dismissal of such applications with unresolved character issues pending.

4. To determine, from the evidence adduced pursuant to Issues 1 through 3 above, whether ECR possesses the basic qualifications to be a licensee of the facilities sought herein.

5. To determine whether there is a reasonable possibility that the tower height and location proposed by ECR and Conner would constitute a hazard to air navigation.

6. To determine which of the proposals would, on a comparative basis, best serve the public interest.

7. To determine, in light of the evidence adduced pursuant to the specified issues, which of the applications should be granted, if any.

13. IT IS FURTHER ORDERED, That ECR shall submit to the presiding Administrative Law Judge an amendment to its application pursuant to paragraphs 2 and 3 hereinabove, within 30 days of the release of this order.

14. IT IS FURTHER ORDERED, That the petitions for leave to amend filed by ECR ARE GRANTED, and the corresponding amendments ARE ACCEPTED to the extent indicated herein.

15. IT IS FURTHER ORDERED, That the Federal Aviation Administration IS MADE A PARTY to this proceeding with respect to the air hazard issue only.

16. IT IS FURTHER ORDERED, That in addition to the copy served on the Chief, Hearing Branch, a copy of each amendment filed in this proceeding subsequent to the date of adoption of this Order shall be served on the Chief, Data Management Staff, Audio Services Division, Mass Media Bureau, Room 350, 1919 M St., N.W., Washington, D.C. 20554.

17. IT IS FURTHER ORDERED, That, to avail themselves of the opportunity to be heard, the applicants and any party respondent herein shall, pursuant to Section 1.221(c) of the Commission's Rules, in person or by attorney, within 20 days of the mailing of this Order, file with the Commission, in triplicate, a written appearance stating an intention to appear on the date fixed for hearing and to present evidence on the issues specified in this Order.

18. IT IS FURTHER ORDERED, That the applicants herein shall, pursuant to Section 311(a)(2) of the Communications Act of 1934, as amended, and Section 73.3594 of the Commission's Rules, give notice of the hearing within the time and in the manner prescribed in such Rule, and shall advise the Commission of the publication of such notice as required by Section 73.3594(g) of the Rules.

FEDERAL COMMUNICATIONS COMMISSION

W. Jan Gay, Assistant Chief
Audio Services Division
Mass Media Bureau

FOOTNOTE

[1] In order for the limited partners to be exempt from attribution under the Commission's multiple ownership rules, 47 C.F.R. § 73.3555, the applicant must certify that, by the terms of the partnership agreement, its limited partners will refrain from involvement in any material respect in the management or operation of the proposed station and, further, that no limited partner has any interest or connection of any nature with any broadcast station or other medium of mass communication operating within the service area of the proposed station that is or might be inconsistent with the Commission's cross-interest policy under the *Attribution Reconsideration Order*, 58 RR 2d 604, 618 (1985).

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 89-312

In re Applications of

PLEASANT HOPE BROADCASTING CO. (hereafter PHBC)	File No. BPH-871209MB
Roy H.Willams, III and Elizabeth Williams d/b/a WILLIAMS PARTNERS (hereafter Williams Partners)	File No. BPH-871210MA
CHARLES T. WILLIAMS (hereafter Williams)	File No. BPH-871210MB
MISSOURI BROADCAST LIMITED PARTNERSHIP (hereafer MBLP)	File No. BPH-871210MC
KOYLE BROADCASTING CORPORATION (hereafter Koyle)	File No. BPH-871210MD
MINORITIES BROADCASTING COMPANY OF MISSOURI, INC. (hereafter Minorities)	File No. BPH-871210ME
MULTICOM BROADCASTING (hereafter Multicom)	File No. BPH-871210MF
TRIFECTA COMMUNICATIONS, a general partnership (hereafter Trifecta)	File No. BPH-871210MG
FR BROADCASTING, INC. (hereafter FR)	File No. BPH-871210MH

For Construction Permit
for a New FM Station on Channel 238C2 (95.5 MHz)
in Pleasant Hope, Missouri[1]

HEARING DESIGNATION ORDER

Adopted: June 27, 1989; Released: July 17, 1989

By the Chief, Audio Services Division:

1. The Commission has before it the above-captioned mutually exclusive applications for a new FM station.

2. MBLP. Information before the Commission indicates that MBLP was organized and is affiliated with Sonrise Management Services ("Sonrise"). Sonrise has been the subject of numerous "real party-in-interest" issues added by presiding Administrative Law Judges in a number of mutually exclusive proceedings. For example, issues concerning Sonrise have been designated in each of the following proceedings:

City/State	Docket No.,
Solona, Florida	87-464
Rockledge, Florida	87-556
Silver Springs, Florida	88-119
East Ridge, Tennessee	88-122
Oliver Springs, Tennessee	88-201
Des Moines, Iowa	88-238
Nags Head, North Carolina	88-277
Tyler, Texas	88-280
Raleigh, North Carolina	88-306
Sedona, Arizona	88-335
Mableton, Georgia	88-400
Evansville, Indiana	88-403
Swanton, Ohio	88-432
Atlantic City, New Jersey	88-433

An identical three-fold issue was specified in each of the above proceedings: whether or not Sonrise was a real party in interest in the subject applicant, whether or not the applicant's organizational structure was a sham, and the effect thereof on the applicant's qualifications to be a Commission licensee. In each of the proceedings listed above, the Sonrise-affiliated applicant has dismissed its application rather than litigate the potentially disqualifying character issue. This unresolved character issue calls into question MBLP's qualification to be a Commission licensee. Therefore, since the issue remains unanswered, it will be specified and tried in this proceeding.

3. Item 5(e) of Section II, FCC Form 301 (October 1986) requires applicants to indicate if the applicant or any party to it has or has had an interest in "a broadcast application in any pending or concluded Commission proceeding which left unresolved character issues against the application." If answered in the affirmative, the applicant is to provide the name of the party having an interest, the nature of the interest or connection and dates, the call letters or file number of the application or docket number, and the location. MBLP has responded to Item 5(e) in the negative. However, Commission records indicate that R.L. Groat is a limited partner in the Sedona, Arizona and Swanton, Ohio proceedings. Robert W. Richards and Dianne D. Caudill are limited partners in the Rockledge, Florida and Silver Springs, Florida proceedings. Additionally, Robert W. Richards is a limited partner in the Mableton, Georgia proceeding and Darrell L. Hatley is a limited partner in the Des Moines, Iowa proceeding. However, MBLP has failed to timely amend

its application pursuant to 47 C.F.R. § 1.65 to notify the Commission of the outstanding character issues. Accordingly, an appropriate issue will be specified below.

4. Section II, Item 4 of FCC Form 301 (October 1986) requires that an applicant specify its address (number, street, city, state) as well as the home address of each of its principals. PHBC, Minorities and Multicom have not completed Item 4 correctly. PHBC, Minorities and Multicom did not list the applicant, its address and the other required information. Additionally, PHBC gives post office box numbers as the home addresses for two of its principals, Larry Mitchell and Noel Boyd. Accordingly, PHBC, Minorities and Multicom must submit an amendment which gives all the information required by Section II, Item 4 to the presiding Administrative Law Judge within 30 days of the release of this Order.

5. On December 10, 1987, in response to Section III of FCC Form 301, Trifecta indicated that it did not have sufficient net liquid assets on hand or available from committed sources to construct and operate the requested facility for three months without revenue. Trifecta stated that it would "file [a] financial amendment." This amendment has not, however, been filed with the Commission. Accordingly, a financial qualifications issue and a misrepresentation issue will be specified below.

6. Frederick P. Reynolds, Jr., a principal of FR, is a 3% owner, director and general manager of Midland Broadcasters, Inc., licensee of KEWI-AM and KMAJ-FM, Topeka, Kansas. Presently, there are two cases under investigation by the Equal Employment Opportunity Commission (EEOC) in Kansas City, Missouri with respect to Midland Broadcasters, Inc. (Seats v. KMAJ, Federal Case Nos. 071 84 0325 and 071 84 1329). Case No. 071 84 0325, filed October 28, 1983, alleges differential treatment in the work environment and unequal pay. Case No. 071 84 1329, filed April 10, 1984, alleges differential treatment and an unjust reprimand. Accordingly, FR will required to inform the presiding Administrative Law Judge of any decision reached by the EEOC regarding these two cases as soon as it is available.

7. The applicants below have petitioned for leave to amend their applications on the dates shown. The accompanying amendments were filed after the last day for filing minor amendments as of right. Under 47 C.F.R. § 1.65 the amendments are accepted for filing. However, an applicant may not improve its comparative position after the time for amendments as of right has passed. Therefore, any comparative advantage resulting from the amendments will be disallowed.

APPLICANTS	DATE AMENDMENTS FILED
PHBC	March 8, 1988
MBLP	November 15, 1988, November 16, 1988, April 21, 1989, May 31, 1989
Multicom	June 22, 1988
FR	May 10, 1988 (Engineering), September 30, 1988 (Engineering)

8. Data submitted by the applicants indicate there would be significant difference in the size of the areas and populations which would receive service from the proposals. Consequently, the areas and populations which would receive FM service of 1 mV/m or greater intensity, together with the availability of other primary aural services in such areas, will be considered under the standard comparative issue for the purpose of determining whether a comparative preference should accrue to any of the applicants.

9. Except as may be indicated by any issues specified below, the applicants are qualified to construct and operate as proposed. Since the proposals are mutually exclusive, they must be designated for hearing in a consolidated proceeding on the issues specified below.

10. Accordingly, IT IS ORDERED, That, pursuant to Section 309(e) of the Communications Act of 1934, as amended, the applications ARE DESIGNATED FOR HEARING IN A CONSOLIDATED PROCEEDING, at a time and place to be specified in a subsequent Order, upon the following issues:

1. To determine whether Sonrise Management Services, Inc. is an undisclosed party to the application of MBLP.

2. To determine whether MBLP's organizational structure is a sham.

3. To determine whether MBLP violated Section 1.65 of the Commission's Rules, and/or lacked candor, by failing to report the designation of character issues against other applicants in which one or more of its partners has an ownership interest and/or the dismissal of such ownership interest and/or the dismissal of such applications with unresolved character issues pending.

4. To determine, from the evidence adduced pursuant to Issues 1 through 3 above, whether MBLP possesses the basic qualifications to be a licensee of the facilities sought herein.

5. To determine whether Trifecta is financially qualified to be a Commission licensee; and

6. To determine whether Trifecta misrepresented the facts to the Commission on December 10, 1987, when it represented that it was going to "file [a] financial amendment" and, if so, what effect that has on Trifecta's qualifications to be a Commission licensee.

7. To determine which of the proposals would, on a comparative basis, best serve the public interest.

8. To determine, in light of the evidence adduced pursuant to the specified issues, which of the applications should be granted, if any.

11. IT IS FURTHER ORDERED, That PHBC, Minorities and Multicom shall submit an amendment which contains the information required by Section II, Item 4 of FCC Form 301, to the presiding Administrative Law Judge with 30 days of the release of this Order.

12. IT IS FURTHER ORDERED, That FR file the information from the EEOC as set forth in paragraph 6 hereinabove with the presiding Administrative Law Judge as soon as it is made available by the EEOC.

13. IT IS FURTHER ORDERED, That the petitions for leave to amend filed by PHBC, MBLP, Multicom, and FR ARE GRANTED, and the corresponding amendments ARE ACCEPTED to the extent indicated herein.

14. IT IS FURTHER ORDERED, That in addition to the copy served on the Chief, Hearing Branch, a copy of each amendment filed in this proceeding subsequent to the date of adoption of this Order shall be served on the Chief, Data Management Staff, Audio Services Division, Mass Media Bureau, Room 350, 1919 M St., N.W., Washington, D.C. 20554.

15. IT IS FURTHER ORDERED, That, to avail themselves of the opportunity to be heard, the applicants and any party respondent herein shall, pursuant to Section 1.221(c) of the Commission's Rules, in person or by attorney, within 20 days of the mailing of this Order, file with the Commission, in triplicate, a written appearance stating an intention to appear on the date fixed for hearing and to present evidence on the issues specified in this Order.

16. IT IS FURTHER ORDERED, That the applicants herein shall, pursuant to Section 311(a)(2) of the Communications Act of 1934, as amended, and Section 73.3594 of the Commission's Rules, give notice of the hearing within the time and in the manner prescribed in such Rule, and shall advise the Commission of the publication of such notice as required by Section 73.3594(g) of the Rules.

FEDERAL COMMUNICATIONS COMMISSION

W. Jan Gay, Assistant Chief
Audio Services Division
Mass Media Bureau

FOOTNOTE

[1] In the *Report and Order* in MM Docket No. 86-303, released September 24, 1987, the Commission allocated Channel 238C2 to Pleasant Hope, Missouri. On October 23, 1987, Aurora Broadcasting, Inc., licensee of KELE(FM), Aurora, Missouri, filed a petition seeking reconsideration of this action. However, on February 10, 1989 Aurora withdrew its petition for reconsideration. *See Memorandum Opinion and Order* in MM Docket No. 86-303, DA-89-392, released April 18, 1989.

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

Iowa Network Access Division

Petition for Waiver of Part 69

ORDER

Adopted: July 7, 1989; Released: July 17, 1989

By the Chief, Common Carrier Bureau:

1. On May 26, 1989, Iowa Network Access Division (INAD), a division of Iowa Network Services, Inc. (INS), filed a petition for waiver of Part 69 of the Commission's Rules, 47 C.F.R. Part 69, to establish a separate rate element and non-recurring charge for an Interim NXX Translation Optional Feature.[1]

2. In its petition, INAD notes that the Interim NXX Translation Optional Feature is an originating offering utilizing trunk side switched access services, which provides a customer identification function based on the dialed service access code and NXX code. INAD Petition at 2. INAD states that while its Tariff F.C.C. No. 1 contains tariff regulations for Interim 800 Translation, it does not establish a separate rate element to recover the costs relating to activities required to make available interexchange carrier specific NXX codes. *Id.*

3. INAD further states that a separate rate element is necessary to allow costs unique to the Interim NXX Translation Optional Feature to be borne directly by users of that service. It maintains that the proposed non-recurring charge will recover the costs relating to activities required to make available interexchange carrier specific NXX codes, and to perform the 6-digit screening function necessary to implement 800 and 900 services. *Id.* at 3.

4. INAD also states it will modify its tariff to apply the same rate element for the Interim NXX Translation Optional Feature to all NXX access service code translation functions and revise its tariff, as necessary, as interexchange carriers develop additional services requiring the same or similar NXX translation functions. *Id.* at 4.

5. The Bureau has reviewed INAD's petition for waiver and determined that the public interest would be served by permitting INAD to employ a separate rate element to recover the costs of providing the Interim NXX Translation Optional Feature. INAD's request for waiver is consistent with the Commission's policy that access service costs be borne by the cost causer.

6. Accordingly, IT IS ORDERED that the petition for waiver filed by the Iowa Network Access Division IS GRANTED.

FEDERAL COMMUNICATIONS COMMISSION

Gerald Brock
Chief, Common Carrier Bureau

FOOTNOTE

[1] Iowa Network Access Division Petition for Waiver, filed May 26, 1989 (Petition). The INAD waiver petition is unopposed.

Before the
Federal Communications Commission
Washington, D.C. 20554

PUBLIC NOTICE

Released: June 27, 1989

FEE DECISIONS OF THE MANAGING DIRECTOR AVAILABLE TO THE PUBLIC

The Managing Director is responsible for responding to requests for waiver or deferral of fees as well as other pleadings associated with the fee collection process. Typically, these responses to individuals are not released to the public or published in the FCC Record (*See* 0.445(a) of the rules).

However, in order to provide the public with a clearer understanding of this new process, these decisions will be made available to the public. Periodically, the Managing Director will release a Public Notice listing the decisions he has made on these matters. The decisions will then be placed in General Docket 86-285. A copy of the decision will also be placed in the appropriate docket, if one exists. In the future, it may be decided to publish only those decisions that establish new precedents or may be of wide interest. All decisions will continue to be placed in the appropriate docket.

The following Managing Director decisions are released for information:

VSAT Systems, Inc.- Petition for Partial Waiver of Fees Granted- KU-Band Satellite System (March 8, 1989)

Robert E. Lawson d/b/a Gottschalks - Request for Waiver of Filing Fee Denied - Private Operational Fixed Microwave (March 8, 1989)

WCND, Inc. - Request for Waiver and Refund of $500 Filing Fee Granted - Station at Shelbyville, KY (March 8, 1989)

Great Trails Broadcasting Corporation - Request for Waiver and Refund of $500 Filing Fee Granted - Station WXGT-FM at Columbus, OH (March 8, 1989)

Central Broadcasting Company - Petition for Reconsideration Denied - Application of Hutchinson & Riggs for New FM Station at Marysville, OH (March 8, 1989)

Richard W. Wainwright - Petition for Refund of $6000 Hearing Fee Denied - New TV Station at Columbia, LA (March 8, 1989)

Skycom, Inc. - Petition for Reconsideration of Managing Director's Decision of November 21, 1988 Granted - New TV Station at Fond du Lac, WI (March 8, 1989)

Matthew C. Trub - Request for Refund of $6000 Hearing Fee Granted - Channel 226A at Port Isabel, TX (March 8, 1989)

Lynn Limited - Request for Waiver of $500 Filing Fee Denied - WVSV-FM at Stevenson, AL (March 8, 1989)

Big Time Radio, Inc. - Request for Waiver of Filing Fee Granted - WRFM-AM at Hialeah, FL (March 8, 1989)

Flintstone Community Television, Inc. - Request for Waiver of $90 Filing Fee Granted - TV Translator Stations at Flinstone, MD (March 8, 1989)

Outlet Broadcasting, Inc. - Request for Waiver of $100 Filing Fee Granted - Station KIQQ at Los Angeles, CA (March 10, 1989)

KSOO Radio, Inc. - Request for Refund of $500 Filing Fee Denied - Station KSOO (March 16, 1989)

Lake Radio, Inc. - Request for Refund of $1300 Overpayment Granted - WLKQ-FM at Buford, GA (March 16, 1989)

Toledo Television Limited Partnership - Request for Refund of Filing Fee Granted - WUPW-TV at Toledo, OH (March 16, 1989)

Centel Cellular Company - Petition for Reconsideration Denied - Dismissal of (4) Rural Cellular Applications Due To "NSF" Checks (March 16, 1989)

Missionary Broadcasters, Inc. - Request for Refund of Filing Fee Denied - Low Power TV Station W49AN at Myrtle Beach, SC (March 16, 1989)

Shekinah Shamea Enterprises - Request for Refund of $1800 Refiling Fee Granted - FM Station at Pensacola, FL (March 16, 1989)

B&F Broadcasting, Inc. - Request for Refund of Hearing Fee Granted - New FM Station at Clinton, MO (March 16, 1989)

Elyria-Lorain Broadcasting Co. - Petition to Dismiss or Deny Denied - Application of Hutchinson & Riggs re New FM Station at Marysville, OH (March 8, 1989)

Crisler Communications (MM Docket 87-449) - Request for Opinion re Procedural Rights - Determination Made That Procedural Rights Had Not Been Violated - New FM Station on Channel 238A at Lafayette, LA (May 17, 1988)

Brightness Ministries, Inc. - Request for Refund of Filing Fee Denied - New Educational Station at Grand Junction, CO (September 29, 1988)

Ever-Ready Cellular Communications - Petition for Reconsideration Determined To Be Moot - Rural Cellular Application Dismissed Due To Fee Defect (March 22, 1989)

J.A.J. Cellular Partnership - Petition for Reconsideration Determined To Be Moot - Rural Cellular Application Dismissed Due To Fee Defect (March 22, 1989)

United Cellular Enterprises - Petition for Reconsideration Determined To Be Moot - (14) Rural Cellular Applications Dismissed Due To Fee Defect (March 22, 1989)

Alee Cellular Communications - Petition for Reconsideration Determined To Be Moot - Rural Cellular Application Dismissed Due To Fee Defect (March 22, 1989)

United Cellular Enterprises - Petition for Reconsideration Determined To Be Moot - Rural Cellular Application Seeking Conditional Reinstatement In Error (March 22, 1989)

Allied Cellular Associates - Petition for Reconsideration Determined To Be Moot - Two Rural Cellular Applications Dismissed Due To Fee Defect (March 22, 1989)

Cell-Win Communications - Petition for Reconsideration Determined To Be Moot - Three Rural Cellular Applications Dismissed Due To Fee Defect (March 22, 1989)

Chesapeake Comcell, Inc. - Petition for Reconsideration Denied - (17) Rural Cellular Applications Dismissed Due To "NSF" Checks (March 23, 1989)

MMM&K, Inc. (MM Docket 87-450) - Request for Refund of Hearing Fee Denied - New TV Station at Williamsport, PA (March 23, 1989)

For further information, contact Thomas M. Holleran at (202) 632-5316.

FEDERAL COMMUNICATIONS COMMISSION

Before the
Federal Communications Commission
Washington, D.C. 20554

CC Docket No. 86-125,
Phase II

In the Matter of

Annual 1985 Access Tariff Filings

ORDER

Adopted: June 23, 1989; Released: June 26, 1989

By the Chief, Common Carrier Bureau:

1. The Commission released an Order in the above-captioned proceeding on March 9, 1987, requiring local exchange carriers (LECs) to refund unlawful Minimum Monthly Usage Charges (MMUCs) and presubscription change charges. The original date set for refunds was July 7, 1987.[1] The refund deadline has since been extended several times, the most recent deadline being June 30, 1989.

2. On April 27, 1989, the Commission released an Order denying petitions for reconsideration of the *1985 Terms and Conditions Order* filed by MCI Telecommunications Corporation, GTE Service Corporation, and New York Telephone Company and New England Telephone Company.[2] On June 13, 1989, the BellSouth Corporation, Southern Bell Telephone and Telegraph Company and South Central Bell Telephone Company (BellSouth) filed a petition for review of the *April 27 Order* with the Court of Appeals for the District of Columbia. The petition is pending.

3. BellSouth filed with the Commission on June 15, 1989, a request for stay until after the Court acts on its pending petition. BellSouth states that the Court will not have ruled on the petition until after the scheduled June 30, 1989, date set for refunds. BellSouth states, that absent the stay, it will be required to make refunds in the amount of $5.1 million prior to the disposition of the pending petition.

4. The Bureau finds that additional time is necessary for consideration of arguments raised in BellSouth's request for stay. Therefore, we hereby grant all LECs a further extension of time until July 31, 1989, to refund MMUCs and presubscription change charges found unlawful in the *1985 Terms and Conditions Order*. Carriers are advised that the Commission retains its discretion to require payment of interest on any refund amounts.

5. Accordingly, IT IS ORDERED that all local exchange carriers ARE GRANTED an extension of time until July 31, 1989, to make refunds of Minimum Monthly Usage Charges and presubscription change charges as required by the *1985 Terms and Conditions Order*.

FEDERAL COMMUNICATIONS COMMISSION

Gerald Brock
Chief, Common Carrier Bureau

FOOTNOTES

[1] Annual 1985 Access Tariff Filings, CC Docket No. 86-125, Phase II, 2 FCC Rcd 1416 (1987) (*Terms and Conditions Order*).

[2] Annual 1985 Access Tariff Filings, CC Docket No. 86-125, Phase II, Memorandum Opinion and Order on Reconsideration, 4 FCC Rcd 3959 (1989).

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

Amendment of Section 1.45(d)
of the Commission's Rules

ORDER

Adopted: June 27, 1989; Released: July 7, 1989

By the Managing Director:

1. In December 1987, the Commission amended its rules regarding computation of time. *Amendment of the Rules Regarding Computation of Time*, 52 Fed. Reg. 49,159, 2 FCC Rcd 7402 (1987), *corrected*, 53 Fed. Reg. 44,196, 2 FCC Rcd 7402 (1988). As part of those amendments, section 1.4(g), which provides three additional days when service is by mail, was re-designated section 1.4(h). A cross-reference in section 1.45(d), however, was inadvertently not changed to reflect this re-designation. Accordingly, section 1.45(d) of the Commission's Rules is hereby amended to correct the last sentence of that section to refer to section 1.4(h) instead of section 1.4(g). Under this amendment, as previously, the three additional days when service is by mail does not apply to oppositions to a request for stay or other temporary relief.

2. Accordingly, pursuant to sections 4(i) and 4(j) of the Communications Act of 1934, as amended, and section 0.231(d) of the Commission's Rules, IT IS ORDERED that section 1.45(d) of the Commission's Rules is amended as set forth in the Appendix, effective upon publication in the Federal Register.[1]

FEDERAL COMMUNICATIONS COMMISSION

Edward J. Minkel
Managing Director

APPENDIX

Part 1 of Title 47 of the C.F.R. is amended as follows:

1. The authority citation for Part 1 continues to read:

Secs. 4, 303, 48 Stat. 1066, 1082, as amended; 47 U.S.C. § 154, 303; Implement, 5 U.S.C. § 552, unless otherwise noted.

PART 1 -- [AMENDED]

2. 47 C.F.R. § 1.45(d) is amended by substituting "§1.4(h)" for "§1.4(g)" in the last sentence thereof.

FOOTNOTE

[1] Because this rule change is a matter of agency practice and procedure, a notice and comment proceeding is not required, 5 U.S.C. § 553(b)(A), and the rule change may be made effective upon publication in the Federal Register. *See* 5 U.S.C. § 553(d).

Before the
Federal Communications Commission
Washington, D.C. 20554

In re Request of

CELLULAR U.S.A., Inc. MSD 89-4

For Waiver of Section 22.922
of the Commission's Rules

MEMORANDUM OPINION AND ORDER

Adopted: July 11, 1989; Released: July 18, 1989

By the Chief, Mobile Services Division:

1. We have before us for consideration the Request for Waiver of Section 22.922 of the Commission's Rules filed March 7, 1989, by Cellular U.S.A., Inc. (Cellular). Cellular has filed applications for authority to provide cellular radio service in several Rural Service Areas (RSAs). In its petition, Cellular seeks a waiver of Section 22.922 of the Rules to allow one of its stockholders to redistribute a small percentage of her stock in Cellular to another shareholder. The petition explains that Cellular has six shareholders. Five of those shareholders each own 19.7 percent of Cellular's stock and one of those shareholders owns 1.5 percent of Cellular's stock. One of Cellular's 19.7 percent stockholders wishes to divest 3.5 percent of her Cellular stock, which would be redistributed to the stockholder who presently holds 1.5 percent of Cellular's stock.

2. Section 22.922 of the Commission's Rules prohibits the alienation of any interest in an RSA application prior to the grant of construction authorization. Thus, Cellular's proposed redistribution of stock constitutes a technical violation of Section 22.922 of the Rules. Nevertheless, it is clear that permitting the proposed redistribution of stock will not undermine the goals which the Commission wished to achieve when it adopted the provisions of Section 22.922 of the Rules, namely, to minimize speculation in RSA applications and to eliminate any unnecessary delays in the implementation of service to the public. *See* Amendment *of the Commission's Rules for Rural Cellular Service, Third Report and Order*, 64 Rad.Reg.2d (P&F) 1382 (1988). The circumstances of the proposed redistribution of stock do not evidence any intent to speculate in RSA applications. Nor will approval of this waiver delay service to the public. The proposed redistribution of 3.5 percent of Cellular's stock does not constitute a transfer of control in Cellular. In light of all the relevant facts and circumstances, it is obvious that Cellular's proposed redistribution of 3.5 percent of its stock is not the type of transaction which the Commission intended to prevent when it adopted Section 22.922 of its Rules. Therefore, we hereby waive the provisions of Section 22.922 of the Commission's Rules to permit Cellular to proceed with its proposed redistribution of stock.

3. Accordingly, IT IS ORDERED that Cellular U.S.A., Inc.'s Request for Waiver of Section 22.922 of the Commission's Rules IS GRANTED and that the provisions of Section 22.922 of the Commission's Rules ARE WAIVED as indicated herein.

FEDERAL COMMUNICATIONS COMMISSION

Gregory J. Vogt
Chief, Mobile Services Division
Common Carrier Bureau

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 88-617

In the Matter of

Amendment of Section 73.202(b), RM-6493
Table of Allotments,
FM Broadcast Stations.
(Walker, Minnesota)

REPORT AND ORDER
(Proceeding Terminated)

Adopted: June 26, 1989; Released: July 18, 1989

By the Chief, Allocations Branch:

1. The Commission has before it for consideration the *Notice of Proposed Rule Making*, 3 FCC Rcd 1244 (1988), issued in response to a petition filed by Midland Broadcasting Company (petitioner), proposing the substitution of FM Channel 256C2 for Channel 257A at Walker, Minnesota. Petitioner also requested modification of its license for Station KLLR-FM, Channel 257A, to specify operation on the new channel. Petitioner filed supporting comments in which it reaffirmed its interest in the channel. No other comments were received.

2. We believe the public interest would be served by the substitution of Channel 256C2 for 257A at Walker, Minnesota, since it could provide the community with its first wide coverage area FM station. The substitution can be made in compliance with the minimum distance separation requirements of Section 73.207 of the Commission's Rules at the site specified by petitioner.[1] Since Walker is located within 320 kilometers (200 miles) of the U.S.-Canadian border, concurrence of the Canadian government has been obtained. In addition, we have authorized a modification of the petitioner's license for Station KLLR-FM, Walker, Minnesota, to specify operation on Channel 256C2 in accordance with Section 1.420(g) of the Commission's Rules.

3. Accordingly, pursuant to the authority contained in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61, 0.204(b) and 0.283 of the Commission's Rules, IT IS ORDERED, That effective **September 1, 1989,** the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, IS AMENDED for the community listed below, to read as follows:

Community	Channel No.
Walker, Minnesota	256C2

4. IT IS FURTHER ORDERED, pursuant to the authority contained in Section 316 of the Communications Act of 1934, as amended, that the license of Station KLLR-FM, Walker, Minnesota, IS MODIFIED to specify operation on Channel 256C2, subject to the following conditions:

(a) Within 90 days of the effective date of this *Order*, the licensee shall file with the Commission a minor change application for construction permit (Form 301), specifying the new facility.

(b) Upon grant of the construction permit, program tests may be conducted in accordance with Section 73.1620.

(c) Nothing contained herein shall be construed to authorize a major change in transmitter location or to avoid the necessity of filing an environmental impact statement pursuant to Section 1.1301 of the Commission's Rules.

5. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

6. For further information concerning this proceeding, contact Kathleen Scheuerle, Mass Media Bureau, (202) 634-6530.

FEDERAL COMMUNICATIONS COMMISSION

Karl Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

FOOTNOTE

[1] The coordinates for Channel 256C2 at Walker are 47-05-37 and 94-34-47.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 88-618

In the Matter of

Amendment of Section 73.202(b), RM-6525
Table of Allotments,
FM Broadcast Stations.
(Redwood Falls, Minnesota)

REPORT AND ORDER
(Proceeding Terminated)

Adopted: June 26, 1989; Released: July 18, 1989

By the Chief, Allocations Branch:

1. The Commission has before it for consideration the *Notice of Proposed Rule Making*, 3 FCC Rcd 1337 (1988), issued in response to a petition filed by CD Broadcasting Corporation (petitioner), proposing the substitution of FM Channel 249C1 for Channel 249A at Redwood Falls, Minnesota. Petitioner also requested modification of its license for Station KLGR-FM, Channel 249A, to specify operation on the new channel. Petitioner filed supporting comments in which it reaffirmed its interest in the channel. No other comments were received.

2. We believe the public interest would be served by the substitution of Channel 249C1 for Channel 249A at Redwood Falls, Minnesota, since it could provide the community with its first wide coverage area FM Station. The substitution can be made in compliance with the minimum distance separation requirements of Section 73.207 of the Commission's Rules at the petitioner's specified site.[1] In addition, we have authorized a modification of the petitioner's license for Station KLGR-FM, Redwood Falls, Minnesota, to specify operation on Channel 249C1 in accordance with Section 1.420(g) of the Commission's Rules.

3. Accordingly, pursuant to the authority contained in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61, 0.204(b) and 0.283 of the Commission's Rules, IT IS ORDERED, That effective **September 1, 1989,** the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, IS AMENDED for the community listed below, to read as follows:

Community	Channel No.
Redwood Falls, Minnesota	249C1

4. IT IS FURTHER ORDERED, pursuant to the authority contained in Section 316 of the Communications Act of 1934, as amended, that the license of Station KLGR-FM, Redwood Falls, Minnesota, IS MODIFIED to specify operation on Channel 249C1, subject to the following conditions:

(a) Within 90 days of the effective date of this *Order*, the licensee shall file with the Commission a minor change application for construction permit (Form 301), specifying the new facility.

(b) Upon grant of the construction permit, program tests may be conducted in accordance with Section 73.1620.

(c) Nothing contained herein shall be construed to authorize a major change in transmitter location or to avoid the necessity of filing an environmental impact statement pursuant to Section 1.1301 of the Commission's Rules.

5. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

6. For further information concerning this proceeding, contact Kathleen Scheuerle, Mass Media Bureau, (202) 634-6530.

FEDERAL COMMUNICATIONS COMMISSION

Karl Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

FOOTNOTE

[1] The coordinates for Channel 249C1 at Redwood Falls are 44-32-33 and 95-07-57.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 87-610

In the Matter of

Amendment of Section 73.606(b), RM-5898
Table of Allotments,
TV Broadcast Stations.
(Bakersfield, California)

REPORT AND ORDER
(Proceeding Terminated)

Adopted: June 26, 1989; Released: July 19, 1989

By the Chief, Allocations Branch:

1. Before the Commission for consideration is the *Notice of Proposed Rule Making*, 3 FCC Rcd 362 (1988), issued in response to a request filed on behalf of Gene Denari (petitioner), seeking the allotment of UHF television Channel 65 to Bakersfield, California, as that community's fifth commercial television service. Petitioner filed supporting comments. Additionally, KGET TV, Inc., ("KGET"), licensee of Station KGET(TV), Channel 17, Bakersfield, California, filed comments, to which petitioner responded.

2. Although the *Notice* advised that the proposed allotment of Channel 65 to Bakersfield could be made in conformity with the minimum distance sepration requirements of Sections 73.610 and 73.698 of the Commission's Rules, it also noted that proposed Channel 65 is closely spaced to the proposed use of Channel 66 in Los Angeles for private land mobile service.[1] The distance between the two communities is 101.3 miles whereas the adjacent channel usage of Channel 65 at Bakersfield requires a separation of 140 miles. Therefore, we stated that if Channel 66 is ultimately allotted to Los Angeles for use by the private land mobile service, the quality of reception on Channel 65 at Bakersfield may be affected.

3. Moreover, the *Notice* advised potential applicants that there is a temporary freeze on the filing of construction permit applications for vacant channels where the community is located within the prohibited distance to certain metropolitan areas. *See, Order*, 52 FR 28346, July 29, 1987. Bakersfield is located within the proscribed distance to Los Angeles, one of the metropolitan areas affected by the freeze. Therefore, we stated that if Channel 65 is ultimately allotted to Bakersfield, the filing of applications therefor may be delayed. *See* , MM Docket No. 87-268, *Notice of Inquiry*, 52 FR 34259 (September 10, 1987).

4. KGET urges that in view of two pending general rule making proceedings enumerated in the *Notice*, consideration of the instant proposal should be delayed until the Commission (a) lifts the temporary freeze on construction permit applications within the Los Angeles market; (b) issues a decision in Docket No. 85-172 regarding use of Channel 66 in Los Angeles for private land mobile use; and (c) finalizes its ATV inquiry in MM Docket No. 87-268.

5. Petitioner's responsive comments claim that KGET failed to address the merits of the proposed allotment of Channel 65 to Bakersfield, and instead simply argues for delay. Petitioner asserts that such delay would simply serve to obstruct the proper discharge of the Commission's orderly processing functions, and thereby render a disservice to the public. Therefore, petitioner urges that in the absence of any unique feature of his proposal to justify the requested delay, the Commission reach a final determination on the proposed allotment of Channel 65 to Bakersfield, and, if necessary, delay its availability for application until the general rule making proceedings enumerated above are concluded.

6. At the outset, we agree with petitioner that KGET's arguments fail to demonstrate how the public interest will be harmed by finalizing its proposal to allot Channel 65 to Bakersfield. The concerns expressed by KGET regarding the impact of the Commission's land mobile/UHF plan in Docket No. 85-172, as well as the pending ATV inquiry in Docket No. 87-268, are outside the scope of this proceeding. Moreover, in the absence of any valid objections, finalization of this proceeding is consistent with prior Commission determinations regarding other proposals affected by the Commission's temporary freeze on the Television Table of Allotments. *See London and Zenia, OH*, 3 FCC Rcd 3132 (1988); *Olympia, WA*, 2 FCC Rcd 6908 (1987); *Fortuna and Willits, CA*, 2 FCC Rcd 6962 (1987).

7. Based on the above, we believe the public interest would be served by allotting Channel 65 to Bakersfield, California, since it could provide an additional commercial television service to the community. As indicated, *supra*, Channel 65 can be allotted to Bakersfield consistent with the Commission's minimum distance separation requirements.[2] However, as previously announced, the Commission has imposed a temporary freeze on television allotments, or applications therefor, in certain metropolitan areas pending the outcome of an inquiry into the uses of advanced television systems (ATV) in broadcasting. Since Bakersfield is situated within the zone encompassed by Los Angeles, one of the communities affected by the freeze, [3] interested parties are advised that no applications will be accepted for Channel 65 at Bakersfield during the freeze. Moreover, as indicated in the *Notice*, depending on the decision ultimately reached in Docket 85-172, *supra*, the quality of reception on Channel 65 at Bakersfield may be affected by the proposed use of Channel 66 for private land mobile service in Los Angeles.

8. Accordingly, pursuant to the authority contained in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61, 0.204(b) and 0.283 of the Commission's Rules, IT IS ORDERED, That effective **September 1, 1989,** the TV Table of Allotments, Section 73.606(b) of the Commission's Rules, IS AMENDED with respect to the community listed below, as follows:

City	Channel No.
Bakersfield, California	17,23-,29,*39-,45+,65+

9. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

10. For further information concerning this proceeding, contact Nancy Joyner, Mass Media Bureau, (202) 634-6530.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

FOOTNOTES

[1] *See* , Gen. Docket 85-172, *Further Sharing of the UHF Television Band by Private Land Mobile Services*, 50 FR 25587, published June 20, 1985.

[2] Coordinates for this allotment are 35-22-30 and 119-01-18.

[3] Specifically, Bakersfield is located within the prohibited distance specified in Section 73.610(b) of the Commission's Rules from the reference points given in Section 76.53 for the affected cities listed in the Appendix to the freeze *Order, supra*.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 88-606

In the Matter of

Amendment of Section 73.202(b), RM-6434
Table of Allotments,
FM Broadcast Stations.
(Eureka, California)

REPORT AND ORDER
(Proceeding Terminated)

Adopted: June 26, 1989; Released: July 18, 1989

By the Chief, Allocations Branch:

1. The Commission considers herein the *Notice of Proposed Rule Making*, 4 FCC Rcd 753 (1989), issued in response to a petition filed on behalf of Eureka Christian Broadcasting, Inc. (petitioner), permittee of Station KECU(FM), Channel 288A, Eureka, California, proposing the substitution of Channel 288C1 for Channel 288A and modification of its permit accordingly. Petitioner filed comments in support of its proposal. No other comments were received.

2. As indicated in the *Notice*, Channel 288C1 can be allotted to Eureka at the petitioner's specified site,[1] in conformity with the minimum distance separation requirements of Section 73.207(b) of the Commission's Rules.

3. In consideration of the above, we believe the public interest would be served by substituting Channel 288C1 for Channel 288A at Eureka, California, since it could provide an additional expanded coverage FM service to the community. Therefore, and in accordance with the provisions of Section 1.420(g) of the Commission's Rules, we are modifying the permit of Station KECU(FM) to specify operation on Channel 288C1 in lieu of Channel 288A, as requested.

4. Accordingly, pursuant to the authority contained in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61, 0.204(b) and 0.283 of the Commission's Rules, IT IS ORDERED, That effective **September 1, 1989,** the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, IS AMENDED with respect to the community listed below, as follows:

City	Channel No.
Eureka, California	222C,242C,268C,288C1

5. IT IS FURTHER ORDERED, That pursuant to Section 316(a) of the Communications Act of 1934, as amended, the permit of Eureka Christian Broadcasting, Inc. for Station KECU(FM) IS MODIFIED effective September 1, 1989, to specify operation on Channel 288C1 in lieu of Channel 288A, subject to the following conditions:

(a) Within 90 days of the effective date of this *Order*, the licensee shall submit to the Commission a minor change application for a construction permit (Form 301), specifying the new facility;

(b) Upon grant of the construction permit, program tests may be conducted in accordance with Section 73.1620; and

(c) Nothing contained herein shall be construed to authorize a change in transmitter location or to avoid the necessity of filing an environmental impact statement pursuant to Section 1.1301 of the Commission's Rules.

6. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

7. For further information concerning this proceeding, contact Nancy Joyner, Mass Media Bureau, (202) 634-6530.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

FOOTNOTE

[1] Coordinates at the petitioner's specified site for Channel 288C1 are 40-43-36 and 123-58-18.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 89-30

In the Matter of

Amendment of Section 73.202(b), RM-6419
Table of Allotments,
FM Broadcast Stations.
(Floresville and Pearsall, Texas)

REPORT AND ORDER
(Proceeding Terminated)

Adopted: June 30, 1989; Released: July 18, 1989

By the Chief, Allocations Branch:

1. At the request of Alfonso Bazan Gonzalez, d/b/a Wilson County Broadcasting Company (petitioner), licensee of Station KWCB(FM), Channel 232A at Floresville, Texas, the Commission considers herein the *Notice of Proposed Rule Making*, 4 FCC Rcd 1629 (1989), proposing the substitution of Channel 231C2 for Channel 232A at Floresville, and the modification of the station's license accordingly. The *Notice* also proposed the substitution of Channel 281A for vacant but applied for Channel 231A at Pearsall, Texas.[1] Petitioner filed supporting comments restating its intention to construct the higher powered station. No other comments were received.

2. We believe the public interest would be served by the substitution of Channel 231C2 for Channel 232A at Floresville, since it could provide that community with a first wide coverage area FM service. The channel substitution can be made in compliance with the Commission's minimum distance separation requirements with a site restriction, provided Channel 281A is substituted for Channel 231A at Pearsall. Although a 0.7 kilometer (0.4 mile) site restriction is necessary in order to avoid a short spacing to Station KAPT(FM), Channel 234C, Luling, Texas, petitioner plans to relocate its current transmitter site 27.9 kilometers (17.4 miles) west of Floresville.[2]

3. Since the communities are located within 320 kilometers (199 miles) of the U.S.-Mexican border, we have obtained concurrence from the Mexican government for the allotments.

4. In accordance with Section 1.420(g) of the Commission's Rules, we are herein modifying the license of Station KWCB(FM) to specify operation on Channel 231C2 in lieu of Channel 232A, as requested. The two applicants for Channel 231A at Pearsall may amend their applications to specify Channel 281A, and retain cut-off protection, since no upgrade in class of channel will result. *See Salamanca, New York and Bradford, Pennsylvania*, 50 FR 26208, June 25, 1985, and *Sanibel, Florida*, 50 FR 32706, August 14, 1985.

5. Accordingly, pursuant to the authority found in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61, 0.204(b) and 0.283 of the Commission's Rules, IT IS ORDERED, That effective **September 1, 1989,** the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, IS AMENDED for the community listed below, as follows:

City	Channel No.
Floresville, Texas	231C2
Pearsall, Texas	237A, 281A

6. IT IS FURTHER ORDERED, That pursuant to Section 316(a) of the Communications Act of 1934, as amended, the license of Station KWCB(FM), Channel 232A, Floresville, Texas, IS MODIFIED, to specify operation on Channel 231C2 in lieu of Channel 232A, subject to the following conditions:

(a) Within 90 days of the effective date of this *Order*, the licensee shall submit to the Commission a minor change application for a construction permit (Form 301), specifying the new facility;

(b) Upon grant of the construction permit, program tests may be conducted in accordance with Section 73.1620; and

(c) Nothing contained herein shall be construed to authorize a change in transmitter location or to avoid the necessity of filing an environmental impact statement pursuant to Section 1.1301 of the Commission's Rules.

7. IT IS FURTHER ORDERED, That the Secretary of the Commission shall send a copy of this *Report and Order* by CERTIFIED MAIL, RETURN RECEIPT REQUESTED to the following: Diane Grove, 201 S.W. Parkway 10205, Lewisville, Texas 75067; and John W. Barger, 3210 Goldsboro, San Antonio, Texas 78230.

8. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

9. For further information concerning this proceeding, contact Patricia Rawlings, Mass Media Bureau, (202) 634-6530.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

FOOTNOTES

[1] As stated in the *Notice* two applications were pending for the use of Channel 231A at Pearsall. The applicants are: Diane Grove (BPH-880715NA) and John W. Barger (BPH-880830MA).

[2] The restricted site coordinates for Channel 231C2 at Floresville are 29-13-34 and 98-25-55. The coordinates for the channel allotment at Pearsall are 28-56-32 and 99-04-57.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 88-500

In the Matter of

Amendment of Section 73.202(b), RM-6436
Table of Allotments,
FM Broadcast Stations.
(South Webster, Ohio)

REPORT AND ORDER
(Proceeding Terminated)

Adopted: June 30, 1989; Released: July 19, 1989

By the Chief, Allocations Branch:

1. At the request of Christian R. Caggiano (petitioner), the Commission has before it the *Notice of Proposed Rule Making* (" *Notice* "), 3 FCC Rcd 6208 (1988), proposing the allotment of Channel 235A to South Webster, Ohio, as the community's first local FM service. Petitioner filed comments and WLLT, Inc. ("WLLT"), licensee of Station WOFX(FM), Fairfield, Ohio, filed reply comments.[1]

2. Petitioner restates his intention to apply for Channel 235A, if allotted to South Webster. However, he contends that the allotment should be made without the imposition of a site restriction. The *Notice*, utilizing coordinates provided by the petitioner, imposed a 2.3 kilometer (1.4 mile) east site restriction to avoid a short-spacing to the pending application of Station WOFX(FM) to relocate its transmitter. However, petitioner argues that the WOFX(FM) application was improperly accepted in violation of Section 73.3517 of the Commission's Rules since it is contingent upon the grant of an application by Station WIOK(FM), Falmouth, Kentucky, to modify its facilities. Therefore, he submits that the application must be either dismissed or denied. Without the removal of the site restriction, petitioner states that an applicant would be unduly limited in selecting the best possible site for the South Webster station.

3. WLLT opposes the allotment of Channel 235A to South Webster, especially if it is not site restricted as proposed in the *Notice*. WLLT states that the petition is not verified as required by Section 1.52 of the Commission's Rules and, on this basis alone, should be dismissed. In addition, it goes on to argue that the petition provides no information concerning South Webster's status as a community. It acknowledges that South Webster is listed in the 1980 U.S. Census with a population of 856 persons, but contends that there is no evidence that the place is incorporated or has the traditional components of a community, such as a post office, library, schools, shopping center, or civic organizations. As to petitioner's request to allot the channel without the imposition of the site restriction, WLLT points out that the petition expressly requested the site restriction to protect Station WOFX(FM)'s pending application. Therefore, it submits that the petitioner is being disingenuous by now requesting its removal. It also argues that the issue of the acceptability of the WOFX(FM) application is not properly before the Commission in the context of this rule making. However, WLLT argues that the application should take precedence since it was filed prior to the rule making request. Finally, WLLT questions the intentions of the petitioner in seeking the allotment of Channel 236A to South Webster. It states that this is the second time in which the petitioner has sought an allotment which conflicts with the proposed relocation of Station WOFX(FM), citing *Amendment of Section 73. 202 (b) (Moscow, Ohio)*, 3 FCC Rcd 654 (1988). Therefore, in order to avoid a possible abuse of the Commission's processes, WLLT states that the petitioner should be required to provide further identification and a sworn statement that he is not involved in any way, directly or indirectly, with a competitor of WOFX(FM).

4. Upon careful review of the pleadings before us, we believe the public interest would be served by allotting Channel 235A to South Webster, Ohio, as the community's first local FM service. We recognize that petitioner has failed to comply with Section 1.52 of the Commission's Rules which states that "[a] party who is not represented by an attorney shall sign and verify the document and state his address. ." Here, petitioner did sign the petition and state his address, but failed to also verify that the statements contained in the petition were true and accurate to the best of his knowledge. However, since Channel 235A can be allotted to South Webster without conflicting with Station WOFX(FM)'s application, or any other pending request, we believe that the failure of the petitioner to verify his statements should not result in the severe penalty of denying South Webster its first local FM service.[2] We also believe that WLLT has not provided a suffficient basis to question the status of South Webster as a community for allotment purposes. As the Commission has stated before, a place is presumed to be a community for allotment purposes if it is listed in the U.S. Census, absent a convincing showing to the contrary. Here, WLLT states that even though South Webster is listed in the 1980 U.S. Census, the Commission should nevertheless require the petitioner to provide additional community data. However, WLLT has provided no information to refute the presumption of community status. *See, Boalsburg, Pennsylvania*, 2 FCC Rcd 7148 (1987). We also find that WLLT has failed to show that petitioner's particpation in rule makings to allot channels to Moscow and South Webster, Ohio, is anything more than a desire to operate a radio station in those two areas. The fact that these allotments are near its Fairfield Station WOFX(FM), and potentially conflict with its desire to relocate the station's transmitter is insufficient reason to take the extraordinary step of requiring the petitioner to furnish additional information concerning his identity beyond that normally required of a petitioner, absent other information. Finally, we find that the petitioner has not shown that compliance with the 2.3 kilometer east site restriction would make the allotment unusable or even marginally hamper site selection. He merely makes the unsupported statement that "the options available to an applicant . . . to select the best possible site . . . would be unduly limited . . . " Therefore, we conclude that a change in the site restriction is not warranted. Moreover, we conclude that the disposition of WLLT's application to relocate the trans-

mitter of Station WOFX(FM) is more properly addressed in the context of an application for Channel 235A at South Webster. [3]

5. Channel 235A can be allotted to South Webster with a site restriction of 2.3 kilometers (1.4 miles) east to avoid a short-spacing to the pending application of Station WOFX(FM) to relocate its transmitter and improve its facilities (BPH-880304IA).[4] Canadian concurrence in the allotment has been received since South Webster is located within 320 kilometers (200 miles) of the U.S.-Canadian border.

6. Accordingly, pursuant to the authority contained in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61, 0.204(b) and 0.283 of the Commission's Rules, IT IS ORDERED, That effective **September 1, 1989,** the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, IS AMENDED, with respect to the community listed below, to read as follows:

City	Channel No.
South Webster, Ohio	235A

7. The window period for filing applications will open on **September 5, 1989,** and close on **October 5, 1989.**

8. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

9. For further information concerning this proceeding, contact Leslie K. Shapiro, Mass Media Bureau, (202) 634-6530.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

FOOTNOTES

[1] Subsequent to the issuance of the *Notice* herein, Station WLLT(FM) changed its call letters to WOFX(FM). The station will be referred to herein as WOFX(FM).

[2] This action should not be construed as releasing parties from the requirements of Section 1.52 of the Commission's Rules. Indeed, were we unable to make this allotment without prejudice to WLLT, petitioner's failure to verify his pleading, or once that omission was pointed out, the failure to remedy the omission, could well result in dismissal of petitioner's request.

[3] By letter of May 24, 1989, corrected copy released June 7, 1989, the Commission dismissed the WOFX application as unacceptable for grant at this time due to its contingency on the grant of Station WIOK(FM)'s application to modify its facilities. Should the time for filing reconsideration of the dismissal of the application expire prior to the close of the application filing window for Channel 235A at South Webster without such action being sought, petitioner and any other interested party would, of course, be relieved of the need to take into account the WOFX application in selecting a transmitter site for the South Webster allotment.

[4] The coordinates for this allotment are North Latitude 38-48-48 and West Longitude 82-42-00.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 88-159

In the Matter of

Amendment of Section 73.202(b), RM-6204
Table of Allotments,
FM Broadcast Stations.
(New London, New Hampshire)

REPORT AND ORDER
(Proceeding Terminated)

Adopted: June 30, 1989; Released: July 18, 1989

By the Chief, Allocations Branch:

1. At the request of Kevin O'Kane (petitioner), the Commission has before it the *Notice of Proposed Rule Making*, 3 FCC Rcd 2221 (1988), proposing the allotment of Channel 259A to New London, New Hampshire, as the community's first local FM allotment. Petitioner and Hoover Communications Corp. ("Hoover") filed comments supporting the allotment. Both parties stated an intention to apply for the channel, if allotted.

2. Upon further review of this proposal, we find that Channel 259A cannot be allotted to New London in compliance with the Commission's minimum distance separation requirements. Rather, it would be approximately 42 kilometers short-spaced to the proposed allotment of Channel 259A to Royalton, Vermont, as requested by AGK Communications in MM Docket 87-410. *See*, 2 FCC Rcd 6102 (1987) and counterproposals thereto. Since the New London proposal was advanced after the time for filing comments and counterproposals in MM Docket 87-410, petitioner's request for Channel 259A at New London cannot be considered therein. Finally, although the staff performed a channel search, we were unable to find a substitute channel for allotment to either location.

3. Accordingly, based on the above discussion, IT IS ORDERED, That the petition for rule making submitted by Kevin O'Kane for the allotment of Channel 259A to New London, New Hampshire, IS DENIED.

4. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

5. For further information concerning this proceeding, contact Leslie K. Shapiro, Mass Media Bureau, (202) 634-6530.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

Before the
Federal Communications Commission
Washington, D.C. 20554

LETTER
June 29, 1989

Released: July 18, 1989

Mr. Duane J. Polich
P-N-P Broadcasting, Inc.
9235 N.E. 175th
Bothell, Washington 98011

Dear Mr. Polich:

This refers to your application (BPCT-880405KF) for a new television station to operate on Channel 24 in Pullman, Washington. In your application you note that P-N-P Broadcasting, Inc. is also the permittee of an unbuilt Class C FM station KPNP, Pullman, Washington. In view of your proposed common ownership of a radio and television station in Pullman, which is generally prohibited by Section 73.3555(b)(1) of the Commission's Rules, you have requested a grant of the application pursuant to Note 4 of the Rule.

Recently, however, the Commission's broadcast multiple ownership rule was amended, and the changes were made effective on March 31, 1989. *Amendment of Section 73. 3555 of the Commission's Rules, the Broadcast Multiple Ownership Rule*, FCC 88-407, released February 23, 1989 (*Multiple Ownership Rule)*. The amendment deletes from Note 4 of the rule the language pertaining to cross ownership of a UHF television station and a radio station in the same market from being considered on a case-by-case basis. A new Note 7 was added, which provides for waiver of the prohibition relating to common ownership of radio and television stations in certain cases where it can be demonstrated that common ownership would be in the public interest. In that regard, we stated that we would look favorably on waiver requests that involved the top 25 television markets having at least 30 separately owned, operated and controlled broadcast licensees or "voices" and situations involving "failed stations" (off-the-air or in bankruptcy). In all other situations, we stated that waiver requests would be evaluated on a more rigorous case-by-case basis. *Id.* at paragraph 90. Pullman is not included within any of the top 25 television markets and neither of the stations in question can be considered a "failed station."

In these circumstances, P-N-P Broadcasting, Inc.'s waiver request will be governed by the five criteria set forth in paragraphs 90 through 97 in *Multiple Ownership Rule*, above. These criteria are: (1) the public service benefits that will result from common ownership; (2) the nature of the stations involved in the waiver request, taking into account their size, class and service area; (3) the number of media outlets that the applicant already has in the relevant market; (4) the financial situation of the station sought to be acquired; and (5) the nature of the relevant market, when viewed in light of our traditional diversity and competitive concerns.

The first factor is concerned with public service benefits, and includes such things as enabling a struggling station to continue to operate, activation of an unused UHF television station, economies of scale leading to improved programming, and improved allotment facilities leading to an improved signal and coverage area. In that regard, you state that as much as $70,000 can be saved by permitting common ownership. You expect that the savings will come from not having to duplicate expenses in areas such as office rent, tower land leases, utilities, staffing, sales, news departments and promotional materials. You assert that the economies of scale will permit the television station to broadcast local news and information, community forums, talk shows, farm reports, and other programs dealing with local needs, issues and problems. Thus, you conclude that public service benefits will result from permitting common ownership.

The second criterion looks to the nature of the stations involved in the waiver request. In that regard, we note that the FM permit you hold for KPNP (99.5 MHz; ERP, 100 kW H & V; HAAT, 300 meters H & V) is for a Class C FM station, the class with the highest power available for an FM station. The application you submitted for the FM station shows that its 1 mV/m contour, which has a 45-mile radius from its tower to be located approximately 9 miles east of Pullman, encompasses an area of 5,106 square miles and a population of 143,857 persons.[1] Your application for a UHF television station indicates that it is a modest station by comparison (Channel 24, 100 kW ERP, visual; HAAT, 296 meters). The application for the UHF television demonstrates that the station's Grade B contour, which covers an area within a 30-mile radius of its tower, will encompass 3,480 square miles and a population of 105,248 persons. The antenna is expected to be colocated on KPNP(FM)'s tower.

The third factor deals with applicants having a number of media outlets in the particular market. This criterion does not apply to the situation before us because P-N-P Broadcasting, Inc. has no other facilities in the market, except the two under consideration here.

The fourth factor is concerned with the financial difficulties of the station or stations in question and whether and for how long the station has been offered for sale. This factor does not apply to the circumstances here, which involve unbuilt stations. However, we observe that P-N-P Broadcasting, Inc. had the television frequency allocated to Pullman and that it is the only applicant for the station.

The fifth and final factor in our case-by-case review is concerned with the nature of the relevant market in light of our traditional diversity and competition concerns. As to television stations, we stated that we would consider the relevant ADI TV market, and, as to radio, we stated that we would consider the relevant TV metro market. In that connection, and in accordance with *Arbitron Ratings, Television, 1987 - 1988 ADI Market Guide*, at page 1278, the ADI TV market for Spokane (ranked 78th), which includes Pullman, covers 56,486 square miles and includes most of the eastern third of the State of Washington, the northeast corner of Oregon, the northern half of Idaho and a small portion of western Montana. Pullman is located 60 miles southeast of Spokane. The area is dominated by four television stations (ABC, CBS, NBC and Fox affiliates) and one independent station licensed to Spokane, and three noncommercial educational stations (one in Spokane, another in Pullman and the other in

Moscow, Idaho). The Grade B contours of the four network stations encompass Pullman. The area is also served by 98 cable television systems and two daily newspapers. As to the relevant radio market, the Spokane TV metro market only includes Spokane County.

Since Pullman is a considerable distance from Spokane, we have also examined diversity within Pullman itself. In that connection we note that Pullman (population 23,579) is located in Whitman County (population 40,013). Pullman is the home of Washington State University, which has a student population of 16,000 and operates noncommercial AM, FM and television stations. You characterize the area as an educational and farming community. In addition to the Spokane network television stations noted above, Pullman also receives off-the-air service from KLEW-TV (Channel 3, CBS) in Lewiston, Idaho, which is approximately 25 miles away.

As to cable television services available, Pullman has 7,343 television households, of which 6,221 subscribe to cable service. The cable system has 23 channels, one of which is not operational. *See, Television and Cable Factbook*, Cable Services Volume, 1988 Edition, at page B-1211. According to the *Arbitron Ratings*, noted above, Whitman County has 14,600 television households, of which 10,410 subscribe to cable service. The cable systems carry all the Spokane television stations, as well as the Lewiston television station.

In connection with competing radio services, commercial AM and FM stations, which are owned and operated in combination, are licensed to Pullman. The community receives additional radio service from a commonly owned and operated AM and FM station in Moscow, Idaho (8 miles away); from a commonly owned and operated AM and FM station in Clarkston, Washington (24 miles away); and from another AM and FM combination, as well as another FM station, in Lewiston, Idaho (25 miles away). You state that three daily newspapers circulate in Pullman.

Due to the small size of the Pullman market, and the fact that network affiliates located in Spokane place predicted Grade B contours over Pullman, you maintain that network affiliation and compensation are uncertain, and that a stand-alone television station would not be financially feasible. Thus, you conclude that the station will have to rely on local and regional advertising for support. In that connection, since the businesses in the area are small, it is your opinion that it is unlikely that they can afford much television advertising, and that little, if any, national advertising revenue would be available to the station. Based on 1985 revenues figures available from Standard Rate and Data Service, Inc., you estimate that the proposed television station has the possibility of generating revenues of approximately $652,165, but that you do not expect this amount until at least the station's fourth year of operation. This smaller amount of revenues you base on the fact that the station, as a UHF station, will compete for revenues with three daily newspapers that serve the area, as well as the commercial radio and television stations licensed to Pullman, Moscow and Lewiston, noted above. Therefore, it is your opinion that a full-service television station in Pullman can only be successful if it is operated in combination with a radio station that would share facilities and staffs.

Furthermore, while you have estimated that a stand-alone, full-service television station might cost as little as $392,700 to construct and operate (based on figures for low power television station construction and operation obtained from the National Association of Broadcasters), you have estimated that the first year's cost of construction and operation of your proposed UHF station would total $577,177, and that revenues from advertising would not exceed $456,516. For the second year you project revenues of $521,732 and expenses of $606,595; for the third year revenues of $586,948 and expenses of $636,994; for the fourth year revenues of $652,165 and expenses of $668,426; and for the fifth year revenues of $717,382 and expenses of $700,939. If common ownership of the television and FM station were permitted, you estimate that the combined operation would show a loss of $52,574 in the first year of operation, even though $70,000 would be saved in otherwise duplicated expenses. In the second year of a combined operation, you project revenues to exceed expenses by $23,248.

In view of the above, it is clear that common ownership would activate an unused UHF television station allocated to a very small community. It would also give the community its first commercial television outlet serving the community's needs. In addition, the proposed television station will be a very modest operation and will have substantial difficulty competing with other area television stations that provide Grade B service to Pullman, and which are also available on the local and area cable systems. It is also apparent that the economic success of the UHF station will be more assured if common ownership with the FM station is permitted. If the UHF station is required to operate as a stand-alone facility, the revenue projections noted above indicate that the station might never be built and that, if it is, it will operate with financial difficulty. Further, the proposed common ownership would not, we believe, create any undue concentration of the media in Pullman or its immediate surrounding area. As noted above, there are a number of commercial radio stations that provide service to Pullman, cable penetration is substantial, a number of commercial television stations provide Grade B off-the-air to Pullman, and three daily newspapers circulate in the area. In the situation at hand, we do not find that common ownership would have any substantial adverse impact on the diversity of the media or competition in Pullman or its surrounding area. The adverse impact, if any, will be more than offset by the public interest benefit of giving Pullman its first commercial television outlet.

In view of the above, we find P-N-P Broadcasting, Inc. fully qualified and that Section 73.3555 should be waived. Accordingly, having determined that the public interest will be served, the application (BPCT-8880405KF) to construct and operate a new television station on Channel 24 in Pullman, Washington, is granted.

BY DIRECTION OF THE COMMISSION*

Donna R. Searcy
Secretary

*Commissioner Dennis concurring and issuing a statement.

FOOTNOTE

[1] The construction permit for FM station KPNP was initially issued on February 10, 1987, as a result of a settlement agreement, and has been extended through April 28, 1989. On August 10, 1988, in order to reduce the cost of construction and operation of the FM station, a modification application was filed to downgrade the station from a Class C to a C-2. That application is pending.

Concurring Statement of
Commissioner Patricia Diaz Dennis

In re: Application of P-N-P Broadcasting, Inc. for a construction permit for a new commercial television station to operate on Channel 24, Pullman, Washington (BPCT-800405KF).

The primary reason to grant the waiver is that P-N-P Broadcasting, Inc. was the sole applicant for the construction permit for Channel 24. By granting the waiver, the Commission will allow P-N-P to provide Pullman (and all those Cougars) with its first local commercial television service. If, on the other hand, we had denied the waiver, there is no indication that anyone else would have come forward to build the station.

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

Amendment of Section	**MM Docket No. 87-455**
73.202(b), Table of Allotments,	RM-5899
FM Broadcast Stations.	RM-6223
(Perry, Cross City, Holiday, Avon	RM-6224
Park, Sarasota, and Live Oak,	RM-6225
Florida; Thomasville, Georgia)	RM-6226

In the Matter of

Amendment of Section 73.202(b)	**MM Docket 87-486**
Table of Allotments,	RM-5938
FM Broadcast Stations.	RM-6242
(Tallahassee, Quincy and	RM-6278
Crawfordsville, Florida; and	
Bambridge, Georgia)[1]	

REPORT AND ORDER
(Proceeding Terminated)

Adopted: June 27, 1989; Released: July 17, 1989

By the Chief, Policy and Rules Division:

1. The Commission has before it two inter-related proceedings concerning FM allotments at various communities in Florida and Georgia. In view of the mutual exclusivity between the proposals in each of these proceedings, as described more fully below, we are consolidating these two proceedings for consideration.

2. By *Notice of Proposed Rule Making* in MM Docket 87-455, 2 FCC Rcd 6537 (1987), the Commission proposed the allotment of Channel 295A to Perry, Florida, as the community's second local FM service, at the request of Rahu Broadcasting, Inc. ("Rahu"). Several parties filed counterproposals. Women in Florida Broadcasting, Inc. ("Women") and Pasco Pinellas Broadcasting Co. ("Pasco"), filed a counterproposal seeking the allotment of Channel 228A in lieu of Channel 295A to Perry, the substitution of Channel 295C1 for Channel 292A at Cross City, Florida, the modification of Women's license for Station WDFL-FM at Cross City, accordingly, the substitution of Channel 292C2 for Channel 292A at Holiday, Florida, and the modification of Pasco's license for Station WLVU-FM, Holiday, accordingly. Thomasville Radio, Inc. ("TRI"), licensee of Station WLOR(FM), Thomasville, Georgia,[2] filed a counterproposal requesting the allotment of Channel 227A, 228A or 264A to Perry, Florida, so as to permit the earlier requested allotment of Channel 296C1 to Thomasville. Ray W. Forrester ("Forrester") filed a counterproposal requesting the allotment of Channel 295A to Live Oak, Florida, as the community's second local FM service. [3] Rahu filed comments supporting the allotment of Channel 295A to Perry.[4] Pasco, Barbara M. Lowrey ("Lowrey"), Rahu, Women, Dolcom Broadcasting Inc. ("Dolcom"), Forrester, Holder Communications Corp. of Georgia ("Holder"), TRI, Gator Broadcasting Corporation and Monroe Television, Inc. ("Gator/Monroe"), and General Broadcasting of Florida ("General") filed reply comments.[5]

3. In a separate proceeding, MM Docket 87-486, the Commission, at the request of Dolcom Broadcasting, Inc. ("Dolcom"), proposed the substitution of Channel 276C2 for Channel 276A at Tallahassee, Florida, and the modification of Station WTHZ(FM)'s license accordingly, along with the concomitant substitution of Channel 298A for unused but applied for Channel 274A at Quincy, Florida. *See* 2 FCC Rcd 6801 (1987). Several parties filed counterproposals. Bitner-James Partnership ("Bitner-James") filed a counterproposal requesting the substitution of Channel 276C2 for Channel 274A at Quincy, Florida, and the substitution of Channel 298A for Channel 276A at Tallahassee, Florida. Roy Simpson, Virgle Leon Strickland and Paul H. Reynolds ("SSR") filed a counterproposal requesting the allotment of Channel 298A to Bambridge, Georgia, and the allotment of Channel 297A to Crawfordsville, Florida.[6][7] Dolcom filed comments and TRI, Quincy Broadcasters, Dolcom and Keith A. Miles, Member, Uptown Broadcasting, Inc. ("Miles") filed reply comments.[8]

THE PLEADINGS

4. *Live Oak, Florida.* Forrester requests the allotment of Channel 295A to Live Oak as the community's second local FM service. He states that Live Oak is the seat of Suwanee County and claims that the population residing within the 1 mV/m contour of a Channel 295A Live Oak station would total 18,132 persons.

5. In their comments, Pasco & Women state that alternate Channels 243A, 291A or 300A can be allotted to Live Oak without conflicting with any of the proposals under consideration herein. Forrester, in response, states his willingness to apply for any of the alternate channels.

6. *Thomasville, Georgia, Tallahassee and Quincy, Florida.* TRI, in its counterproposal in MM Docket 87-455, seeks the substitution of Channel 296C1 for Channel 296A at Thomasville and the modification of its license for Station WLOR(FM) to specify the higher powered channel. TRI states that Channel 296C1 can be allotted to Thomasville with a site restriction of 30 kilometers southwest.

7. The allotment of Channel 296C1 to Thomasville also conflicts with the proposal of Dolcom in MM Docket 87-486 to upgrade Station WTHZ(FM) at Tallahassee to Channel 276C2 from its present Channel 276A. Although the proposed upgrades themselves do not conflict, the Tallahassee upgrade would require the substitution of Channel 298A for Channel 274A at Quincy, Florida. Quincy and Thomasville are located approximately 60 kilometers apart while the Commission's rules stipulate a minimum separation of 74 kilometers between second adjacent Class A and C1 allotments. Dolcom filed comments in MM Docket 87-486 reiterating its intention to apply for Channel 276C2, if allotted to Tallahassee.

8. Bitner-James, one of the applicants for Channel 274A at Quincy, requests instead that Channel 276C2 be allotted to Quincy as a substitute for the Class A channel and that Channel 298A be substituted for Channel 276A at Tallahassee, with Dolcom's license modified to specify the alternate Class A channel. Bitner-James argues that Tallahassee, with a population of 81,548, is already well

served, having eight FM stations, two of which are noncommercial educational, and five AM stations.[9] As to Quincy, it states that the community is located approximately 20 miles northwest of Tallahassee, has a population of 8,591 persons, and is the seat of Gadsden County, which has a population of 41,565 persons. It further states that Quincy is not part of any Urbanized or Standard Metropolitan Statistical Area. Bitner-James notes that Quincy receives local service from co-owned fulltime AM Station WWSD and FM Station WIQI, with six applications pending for the new FM station on Channel 274A. Based on its belief that Channel 276C2 would be capable of serving the same population whether allotted to Tallahassee or Quincy, Bitner-James contends that allotting the channel to Quincy as a first competitive service will better serve the public interest. Quincy Broadcasters, an applicant for Channel 274A at Quincy, filed comments opposing the substitution of Channel 276C2 for Channel 274A at Quincy. It does not address the merits of the Bitner-James proposal. However, Quincy Broadcasters states that it opposes the substitution of channels if the result would be to open a new application filing window, thus depriving it and the other applicants of their existing cut-off protection.

9. TRI also opposes the Bitner-James counterproposal, stating that it should be dismissed for four reasons. First, it states that the proposal is technically deficient in that the proposal requests the allotment of Channel 276C2 to Quincy but the engineering exhibit supports the allotment of Channel 274C2.[10] While the Commission's Public Notice stated that comments were requested on Channel 276C2, TRI argues that it is impossible to determine from the documents which channel Bitner-James is seeking. Second, TRI claims that Bitner-James has failed to demonstrate that either channel can be allotted and used at the sites specified by the Quincy applicants, as required by *Lafayette, Louisiana*, 2 FCC Rcd 7303 (1987). Third, TRI contends that the substitution of a C2 channel at Quincy would require the opening of a new filing window, but that the Commission, as a policy matter, will not open a new filing window after the applications have been filed and reviewed because of the administrative burden on the Commission and the delay which would be occassioned on the provision of new service to the affected community. Finally, it argues that upgrade requests may be advanced solely by licensees and permittees, citing *Santa Margarita and Guadalupe, California*, 2 FCC Rcd 6930 (1987). Therefore, TRI contends that Bitner-James, as only an applicant for Channel 274A at Quincy, has no standing to seek the upgrade.

10. TRI additionally opposes the allotment of Channel 298A to Quincy, stating that the substitution of channels is unnecessary. According to TRI, Channel 274A at Quincy can co-exist with Channel 276C2 at Tallahassee, if a 32 kilometer southeast site restriction is imposed on the C2 allotment at Tallahassee. It goes on to state that there are a number of available transmitter sites within the restricted area from which Station WTHZ(FM) could provide Tallahassee with the required 70 dBu city-grade signal. However, if a choice between Thomasville and Tallahassee must be made, TRI argues that Thomasville should be preferred. It states that Thomasville, with a population of 18,463 persons, has only one FM allotment, occupied by WLOR(FM), while Tallahassee, with a population of 81,548 persons, has six FM allotments. Under the priorities in *Revision of FM Assignment Policies and Procedures*, (" *Revision* "), 90 FCC 2d 88 (1982), TRI states that its proposal to provide Thomasville with a first local wide area coverage FM service should prevail. Even if the Commission considers the existence of Thomasville's AM station as negating the first local service priority, TRI contends that Thomasville's need for an improved first local FM service should prevail over Tallahassee's need for an improved sixth local FM service. However, in an effort to avoid the delay which may occur as a result of a contested proceeding, it proposes, on an interim basis only, the allotment of Channel 276C2 to Thomasville and the modification of its license for WLOR(FM) accordingly, until the Quincy channel substitution is resolved. TRI states that as a C2, Station WLOR(FM) can co-exist with Channel 298A at Quincy.

11. In response, Dolcom states that a site restriction on Channel 276C2 which protects the Quincy applicants would contravene Section 73.315 of the Commission's rules since it would not provide all of Tallahassee with the required 70 dBu city-grade service. Therefore, it contends that Channel 274A must be deleted from Quincy. Dolcom also disputes TRI's claim that Thomasville is more deserving of an upgraded service than Tallahassee. It states that the Tallahassee area is a rapidly growing metropolis while the population of Thomasville has remained virtually stagnant. Noting TRI's statement that WLOR(FM), as a Class C2, could co-exist with Channel 298A at Quincy, Dolcom urges that any upgrade in TRI's facilities be so limited. In this connection, it contends that TRI has not demonstrated a need for C1 facilities, or if such a need could be shown, why this need could not be met by C2 facilities. Dolcom contends that limiting the Thomasville station to C2 status would serve the public interest since it would not only allow its Tallahassee station to upgrade to C2 status but also permit the allotment of Channel 295A to Perry, as its second local FM service. Finally, Dolcom strongly opposes TRI's suggestion that WLOR(FM)'s license be modified to Channel 276C2 only on an interim basis. It claims that changes to the Table of Allotments on an interim basis would disrupt the entire allotment scheme, which was established to ensure certainty in the allotment process. Therefore, it urges that TRI be forced to choose whether it will or will not accept a C2 on a non-interim basis. Lacking such a decision, Dolcom urges that TRI's proposal for Channel 276C1 at Thomasville be denied and the proposal for Channel 276C2 at Tallahassee be granted.

12. Holder, as the licensee of WLOR(FM) at the time of the filing, urges the adoption of TRI's proposal and states that it will file an application for Channel 296C1 at Thomasville, if allotted, and if it is still the licensee. TRI, in response to Dolcom's Tallahassee proposal, provides a comparison of the existing and proposed coverage areas and populations of the two stations, as follows:

WTHZ (FM), Tallahassee

	Area (Sq. mi.)	Population
Existing Coverage	699	156,428
Proposed Coverage	3,280	256,396
Increased Population Served		99,986

WLOR (FM), Thomasville

	Area (Sq. mi.)	Population
Existing Coverage	699	47,865
Proposed Coverage	6,288	355,270
Increased Population Served		307,405

Therefore, TRI states that its proposal should be preferred since it would provide a new service to three times as many people as Dolcom's. However, it again states that Dolcom's station can be upgraded if a 27 kilometer site restriction is imposed on the Tallahassee channel. In a later pleading in response to the counterproposals filed in MM Docket 87-486, TRI states that the 27 kilometer site restriction can be reduced to 17 kilometers if Channel 274A is substituted for Channel 264A at Gretna, Florida, and Channel 264A is substituted for Channel 274A at Quincy. It states that Channel 274A can be used at the transmitter site recently authorized in the construction permit of Station WGWD and that Channel 264A can be used at all of the sites specified in the Quincy applications. With a site restriction of only 17 kilometers, TRI submits that Station WTHZ could provide all of Tallahassee with the required 70 dBu city-grade service.

13. In its supplement to comments, Dolcom states that TRI's new proposal to switch the Gretna and Quincy channels would require a 21.6 kilometer southeast site restriction on the use of Channel 276C2 at Tallahassee. It acknowledges that use of such a site would allow technical compliance with Section 73.315 of the Commission's Rules but asserts that the station would not provide quality service throughout Tallahassee. In fact, it states that there would be a deterioration of its present service. According to Dolcom, Station WTHZ, operating from the new site suggested by TRI, would suffer a decrease in field strength up to 20 dB throughout 53% of the city of Tallahassee and 60% of the Tallahassee Urbanized Area, leaving only 47% of the city and 40% of the Urbanized Area with an increase in field strength of between 5 and 8 dB. Additionally, Dolcom contends that relocating its transmitter farther from the center of Tallahassee will subject the station to a greater likelihood of suffering from multipath problems and shadow losses. However, if Station WTHZ(FM) is permitted to upgrade at its present site 7.4 kilometers northwest of Tallahassee, Dolcom submits that a 16 dB improvement in field strength would occur throughout the station's entire service area, and even greater improvement from the additional antenna height to those areas where shadow losses are currently a problem. Further, Dolcom states that adoption of its proposal would greatly reduce the existing interference and intermodulation problems now encountered by WTHZ(FM), improve penetration in the downtown Tallahassee area, and improve service in those areas southwest of Tallahassee which now receive poor service. Finally, Dolcom disputes TRI's argument that the Thomasville station should be upgraded to C1 status because of the greater increase in population served. It contends that TRI has failed to consider the gains to be achieved if both WTHZ(FM) and WLOR(FM) are both upgraded to C2 status at their transmitter sites. It states that an upgraded Station WLOR(FM), at its present site, will provide service to an additional 224,320 persons in a 6,685 square kilometer area. Coupled with the WTHZ(FM) gain of 99,968 persons in an area of 8,310 square kilometers, Dolcom submits that the upgrading of both stations to C2 would result in a total gain of 324,288 persons in an area of 14,995 square kilometers, or 16,883 more persons than could be served by only Station WLOR-FM as a C1 station. Therefore, it urges that the Commission not "blindly accept at face value" the purported differentials cited by TRI. Dolcom goes on to state that these differentials only exist because its station already serves Tallahassee while Station WLOR(FM) seeks to become a *de facto* Tallahassee station. In conclusion, Dolcom states that limiting Station WLOR(FM) to C2 status would remove TRI's present conflict with the proposals in MM Docket 87-455 and MM Docket 87-486, thereby simplifying resolution of these proceedings and enabling speedier improvement in existing facilities and initiation of new service at a number of communities.

14. TRI, in a Motion to Strike Dolcom's Supplemental Comments, argues that the additional comments are both procedurally defective and without merit. Procedurally, TRI states that Section 1.415 of the Rules provides for the filing of coments and reply comments only, and specifically states that no additional comments may be filed unless requested or authorized by the Commission. Here, TRI states that since the filing was not requested, it must be stricken as an unauthorized pleading. Addressing the merits of the pleading, TRI points out that Section 73.315 of the Rules requires that stations provide a minimum signal strength of 70 dBu over the principal community and that Dolcom admits that use of the site suggested by TRI would enable compliance with this requirement. However, it states that Dolcom is not satisfied with the typical city-grade coverage, instead insisting on a 16 dB improvement in field strength throughout its service area. TRI contends that such an increase is superfluous. In support, it appends a portion of the National Association of Broadcasters Engineering Handbook, Seventh Edition, which states as follows:

> If the highest level of 3.16 mV/m is quadrupled, it will be 12.64 mV/m. This is a 12 dB increase, equal to increasing the FCC power level by more than 15 times. It can be safely said that this level of 12.64 mV/m is considerably more signal than necessary by any present working FM radio. Any signal level higher than this is superfluous and not useful at all.

2.5-125. Further, TRI asserts that there is no factual support to Dolcom's assertion that WTHZ(FM) would suffer a deterioration in service if it utilized the new site suggested by TRI or that the 70 dBu signal would be inadequate. TRI also disputes Dolcom's claim that upgrading both WTHZ(FM) and WLOR(FM) to Class C2 facilities would result in a total gain of 324,288 persons in a 14,995 square kilometer area. It states that this figure assumes that unless WLOR(FM) is limited to Class C2 facilities, WTHZ(FM) will remain a Class A station. It claims that this argument is meritless since TRI has demonstrated that WTHZ(FM) can achieve Class C2 facilities even if Station WLOR(FM) is upgraded as a Class C1. In fact, TRI con-

tends that Dolcom's refusal to upgrade with a site restriction would result in denying service to an additional 83,085 persons.

15. In supplemental comments, Dolcom submits a new proposal to remove the conflict with TRI's proposal to upgrade Station WLOR(FM) on Channel 296C1, stating that these changes obviate the need to allot Channel 298A to Quincy, thus removing the conflict between its proposal and that of TRI. Dolcom now suggests that Channel 276C2 can be allotted to Tallahassee at Station WTHZ(FM)'s present transmitter site if Channel 231A is substituted for Channel 227A at Marianna, Florida, Channel 227A is substituted for 264A at Gretna, Florida, Channel 264A is substituted for Channel 274A at Quincy, Florida, and Channel 227A or 228A is substituted for Channel 298A at Perry, Florida. Dolcom goes on to state that Channel 227A can be allotted to Gretna and used at the site specified in Station WGWD(FM)'s construction permit while Channel 231A can be allotted to Marianna and used at the site specified by Jackson Radio, Ltd. in its pending application. It notes that use of Channel 231A at the site specified in the application of Sheila Ann Adams for Marianna would result in a 1 kilometer short-spacing to the proposed allotment of Channel 229C2 to Geneva, Alabama.[11] However, Dolcom states that this is the same short-spacing which currently exists with Adams' application for Channel 227A vis-a-vis Channel 229C2 at Geneva. Therefore, it contends that there would be no substantive change in Adams' application if amended to specify Channel 231A. Asset, permittee of Station WGWD(FM) at Gretna, states that it will shortly commence operations on Channel 264A. Therefore, it is opposed to any substitution of its channel without being afforded the procedural and substantive rights embodied in Section 1.87 of the Commission's Rules.

16. *Cross City, Holiday, Avon Park and Sarasota, Florida.* Women requests the substitution of Channel 295C1 for Channel 292A at Cross City and the modification of its permit for Station WDFL-FM accordingly. It states that Channel 295C1 can be allotted to Cross City with a site restriction of 20.3 kilometers (12.6 miles) northwest. Pasco, contingent upon the deletion of Channel 292A from Cross City, requests the substitution of Channel 292C2 for Channel 292A at Holiday, and the modification of its license for Station WLVU-FM. Pasco also requests the substitution of Channel 256A for Channel 292A at Avon Park, Florida, the modification of Station WWOJ's license, the substitution of Channel 293A for Channel 292A at Sarasota, Florida, and the modification of Station WSRZ's license to specify the alternate Class A channel. Pasco states that the Holiday and Sarasota channels can be allotted and used at the present transmitter sites of Stations WLVU-FM and WSRZ, respectively, but that the allotment of Channel 256A to Avon Park would require Station WWOJ to relocate its transmitter approximately 3 miles north of its present site. However, it claims that the licensee is willing to relocate its transmitter, contingent upon reasonable compensation. Therefore, Pasco requests the issuance of Orders to Show Cause to the licensees of Stations WWOJ and WSRZ on the modification of their licenses as proposed in the counterproposal and states its willingness to reimburse the two stations for the reasonable expenses incurred in the change of channel. They state that adoption of their proposals will serve the public interest since Station WLVU-FM could increase its coverage of the Tampa-St. Petersburg Metropolitan Statistical Area and Station WDFL-FM could expand its service within the relatively underserved rural areas surounding Cross City.

17. In reply comments, Pasco states that the allotment of Channel 295C1 to Cross City would provide a first fulltime aural service to 2,815 persons within a 984 square kilometer area and a second fulltime aural service to 27,948 persons within an area of 2,696 square kilometers, thus furthering the Commission's first two allotment priorities. *See, Revision of FM Assignment Policies and Procedures* (" *Revision* "), 90 FCC 2d 88 (1982). However, it contends that a comparison of the communities need not be made since all of the parties in MM Docket 87-455 can be satisifed. It states that Channel 243A, 291A or 300A can be allotted to Live Oak, and Channel 295C1 can be allotted to both Thomasville and Cross City, with the imposition of appropriate site restrictions. TRI, in response to Pasco's counterproposal, opposes the allotment of Channel 295C1 to Cross City unless a 13 kilometer (8 mile) site restriction is imposed. It states that the imposition of the site restriction at Cross City, coupled with a 32 kilometer (20 mile) site restriction on Channel 296C1 at Thomasville, would allow both requests to be granted.

18. Pasco notes that the only potential obstacle to the adoption of its proposal is the pendency of a joint request by Gator Broadcasting Corporation and Monroe Television, Inc. ("Gator/Monroe") to: (1) substitute Channel 247C2 for Channel 249A at Micanopy, Florida, and upgrade Gator's Station WGGG-FM accordingly; (2) substitute Channel 300C2 for Channel 247A at Chiefland, Florida, as the community's first local wide-area coverage FM service; and (3) substitute Channel 296A for unused but applied for Channel 246A at Beverly Hills, Florida.[12] However, Pasco states that this proposal is technically defective in that utilization of a fully spaced site by a Channel 296A station at Beverly Hills would not provide a city-grade signal to all of the community. It goes on to state that, except in extraordinary situations, the absence of a transmitter site which will allow compliance with the city-grade requirements contained in Section 73.315 of the Commission's Rules precludes adoption of the allotment proposal. *See Attica, New York*, 54 FCC 2d 1137, 34 R.R. 2d 1275 (1975); *Wadley, Alabama*, 60 R.R. 2d 1462, 1464 (1986); *New Boston, Ohio*, 48 R.R. 2d 1628 (1981). Pasco also contends that the Chiefland proposal runs counter to the Commission's policy concerning the substitution of channels, like Channel 247A at Chiefland, allotted in the omnibus FM rule making, MM Docket 84-231. Specifically, Pasco states that Gator/Monroe has not shown any "compelling need" or "Commission error" to justify the Chiefland substitution prior to the close of the application filing window. Finally, it states that Gator/Monroe does not claim that any of the channel substitutions would result in the provision of either a first or second fulltime aural service or first local service. Therefore, Pasco reiterates that its proposal best serves the public interest.

19. Lowrey, one of the applicants for Channel 246A at Beverly Hills, also opposes the Gator/Monroe proposal. She states that use of Channel 296A, with the required site restriction, would permit the provision of city-grade service to no more than 85% of the community, even if a suitable site could be located. However, she states that the site restriction limits placement of the transmitter to a very small area which is primarily residential in nature, and, therefore, she anticipates that no suitable and usable

site exists. Finally, noting that ten applicants have already assumed the financial burden of finding suitable sites and paying the necessary engineering and Commission filing fees, she argues that adoption of the Gator/Monroe proposal would subject these applicants to the additional substantial costs associated with redoing their engineering studies as well as being disruptive to the processing of the pending applications.

20. In its response to the Cross City and Holiday counterproposals, Gator/Monroe states that Pasco and Women oppose its proposal because the Beverly Hills substitution conflicts with their proposal while Lowrey's opposition is based on concerns over the financial cost and possible comparative effect associated with a change in transmitter site. While it believes that these arguments are insubstantial, Gator/Monroe sets forth the following alternative which it claims will achieve the stated goals of all of the participants in MM Docket 87-455, with a minimum of disruption to the Beverly Hills applicants. It now proposes that Channel 246C2, in lieu of Channel 292C2, be substituted for Channel 292A at Holiday, for use by Station WLVU-FM, thus allowing the allotment of Channel 292A to Beverly Hills instead of the originally proposed Channel 296A. It goes on to state that Channel 246C2 can be used at Station WLVU-FM's existing transmitter site and that Channel 292A could be allotted to Beverly Hills without the site restriction needed for Channel 296A, thus allowing the applicants to either prosecute their applications as presently specified, move to a site closer to Beverly Hills, or locate on an existing tower. An additional benefit of this new allotment scheme, according to Gator/Monroe, is that Pasco's Holiday station could be upgraded without requiring a channel substitution at Avon Park.

21. Pasco, in response, states that Gator/Monroe's new allotment scheme could permit three existing FM stations to upgrade their facilities (WLVU, Holiday, WDFL-FM, Cross City, and WGGG-FM, Micanopy). However, it goes on to state that it is willing to accept an upgrade on Channel 246C2, as proposed, only if the Commission so modifies its license without accepting competing applications. If the Commission rules otherwise, Pasco states that the Gator/Monroe proposal should not be considered at this time. Instead, it submits that the Commission should issue a Report and Order modifying Pasco's license to specify Channel 292C2 and issue a separate Notice proposing the changes requested by Gator/Monroe. Sarasota FM, Inc., licensee of Station WSRZ(FM), Channel 292A, Sarasota, supports the Gator/Monroe comments. It notes that the Pasco proposal to upgrade Station WLVU-FM at Holiday requires that its license be modified to specify Channel 293A in lieu of its present Channel 292A. However, it has now determined that adoption of the Gator/Monroe proposal could allow Station WSRZ(FM) to be upgraded to Channel 293C2. Therefore, it requests that any change in the allotments for Sarasota and modification of its license as a result of this rule making specify Channel 293C2.

DISCUSSION

22. After a careful review of the pleadings before us, we find that the public interest would be best served by allotting Channel 291A to Live Oak, Florida, as the community's second local FM service, substituting Channel 296C1 for Channel 296A at Thomasville, Georgia, and modifying Station WLOR-FM's license accordingly, and substituting Channel 295C1 for Channel 292A at Cross City, Florida, and modifying Station WDFL-FM's license accordingly. For the reasons stated below, we are denying Dolcom's proposal to substitute Channel 276C2 for Channel 276A at Tallahassee, Florida, Bitner-James proposal to substitute Channel 276C2 for Channel 274A at Quincy, Florida, and Pasco's proposal to substitute Channel 292C2 for Channel 292A at Holiday, Florida, with the comcomitant modification of its license for Station WLVU-FM.

23. Dolcom has clearly stated that it will not accept an upgrade to Channel 276C2 unless it can be used at its present transmitter site. Therefore, we analyzed those arrangements of channels that would not involve Dolcom vacating its existing site. Because both Tallahassee and Thomasville could receive Class C2 channels, but only Thomasville could receive a Class C1 channel, we compared the area and population which would be gained if Channel 276C2 were allotted to Tallahassee at Station WTHZ(FM)'s current transmitter site (30-29-43 and 84-13-51) and if Channel 296C2 were allotted to Thomasville at Station WLOR-FM's current site (30-48-50 and 84-00-48), to the area and population which would be gained if Channel 296C1 were allotted to Thomasville, Georgia, at the closest permissible site to the center of the city (30-47-12 and 84-03-25, 9.1 kilometers southwest). The population gains were calculated as follows: (1) when an entire county was included in a gain area, its total population was added; and (2) when part of a county was included in a gain area, the population of the included cities was added and the non-urban population was prorated proportionate to area. Based on these assumptions, our analysis determined that the population gains are as follows:

Tallahassee, Class C2	113,477
Thomasville, Class C2	210,144
Total	323,621
Thomasville, Class C1	336,792

Therefore, we find that the allotment of Channel 296C1 at Thomasville should be preferred since it will provide a new service to more people than either Channel 276C2 at Tallahassee alone or combined with a Channel 296C2 allotment at Thomasville. It may be possible to allot Channel 276C2 to Tallahassee at the present transmitter site of Station WTHZ(FM) if channel substitutions are made at Gretna, Marianna and Quincy as proposed in Dolcom's supplemental comments, or to allot Channel 276C2 to Tallahassee with a 17 kilometer site restriction if only the Gretna and Quincy channels are changed as proposed by TRI in its response to the counterproposals in MM Docket 87-486. However, because these proposals were advanced well after the initial comment date in these proceedings, and involve new communities in the proceeding, they constitute untimely counterproposals and thus cannot be considered herein. Dolcom may, of course, pursue either of these avenues in a separate petition for rule making.

24. The proposal of Bitner-James to substitute Channel 276C2 for Channel 274A at Quincy is denied. In accordance with Commission policy, we will not consider requests for the substitution of a higher class channel for a

lower class channel advanced while applications are pending for the lower class channel. *See Lafayette, Louisiana, supra, Lacombe and Mandeville, Louisiana*, 3 FCC Rcd 6517 (1988).

25. We are also denying Pasco's proposal to substitute Channel 292C2 for Channel 292A at Holiday, Florida, modify its license for Station WLVU-FM, substitute Channel 256A for Channel 292A at Avon Park, Florida, modify the license of Station WWOJ, substitute Channel 293A for Channel 292A at Sarasota, Florida, and modify the license of Station WSRZ. Pasco's proposal requires that Station WWOJ not only change channel but also that it move its transmitter site. While Pasco states that it believes that the licensee is willing to move its transmitter site, contingent upon appropriate reimbursement, Pasco has not provided any definitive showing that its belief is true. As the Commission has stated previously, we will generally not propose an allotment if it would also require an existing licensee to relocate its transmitter, unless the affected licensee states its agreement to the relocation prior to the initiation of the rule making or the proponent demonstrates a compelling public interest reason for the forced relocation. *See, Boalsburg, Pennsylvania, et al.*, 3 FCC Rcd 6116 (1988), and cases cited therein. Pasco had done neither in its pleading. On May 26, 1989, Pasco submitted Supplemental Comments which appended a letter from Highlands Media Co., Inc., licensee of Station WWOJ, stating its willingness to change channel and relocate its transmitter if Channel 292C2 is allotted to Holiday. However, as the Commission has stated previously, counterproposals must be technically correct at the time of filing. Here, Pasco did not correct the deficiency until almost one and one-half years later. Therefore, we shall not accept Pasco's Supplemental Comments.[13] *See Broken Arrow, Oklahoma, et al.*, 3 FCC Rcd 6507 (1988), recon. pending.

26. Gator/Monroe's February 1, 1988 comments proposing to modify in this proceeding Pasco's license for Station WLVU-FM to specify a non-adjacent channel so as to avoid a conflict with the upgrade at Micanopy is also unacceptable for consideration. Section 1.420(g) of the Commission's Rules states that a station's license cannot be modified to a non-adjacent channel without affording other interested parties an opportunity to express a competing interest. However, Pasco has stated that it will not support Gator/Monroe's proposal unless its license is modified without affording an opportunity for competing expressions of interest. Absent consent by a licensee to a non-adjacent channel upgrade, we do not believe it appropriate to "force" the upgrade on the licensee.

27. Finally, we would like to point out that the Gator/Monroe proposal, as originally filed, is technically unacceptable. It claims that the proper course of action was not to return its petition as unacceptable but instead note the deficiency in a *Notice of Proposed Rule Making* and afford it an opportunity to cure the defect. However, it is not Commission practice to expend limited administrative resources in accepting and processing defective petitions on the chance that the defect can be cured at some later stage, or in affording that petition *nunc pro tunc* status if a defect is later cured. Rather, the petition is returned as unacceptable. Should the petitioner be able to satisfy the Commission's concerns, it may, of course, resubmit its request in a new petition for rule making. Gator/Monroe has never shown that Channel 296A could be allotted to Beverly Hills in compliance with the city-grade coverage requirements of Section 73.315 of the Rules or that we erred in finding to the contrary. Rather, it filed a new request on April 7, 1988, to allot Channel 292A instead of Channel 296A to Beverly Hills. This request was returned by letter of January 19, 1989, because the use of Channel 292A at Beverly Hills was short-spaced to the present operation of Cross City's Station WDFL-FM on Channel 292A. Thus, Gator/Monroe's new request is contingent upon favorable action on the Cross City upgrade proposal and denial of any proposal mutually exclusive with the Cross City upgrade in this proceeding, but was filed after the initial comment deadline in this proceeding. We believe that the acceptance of such petitions is an inefficient use of the Commission's limited resources, and undermines the certainty and predictability provided by our cut-off rules, especially where, as here, the contingency is part of a contested proceeding. Therefore, it is our policy not to accept for consideration such untimely requests. Thus, we will deny Gator/Monroe's February 21, 1989, petition for reconsideration herein.

28. The following channel allotments, which we find would best serve the public interest, can be made in compliance with the Commission's minimum distance separation requirements. Channel 291A can be allotted to Live Oak, Florida, without the imposition of a site restriction. Channel 296C1 can be allotted to Thomasville, Georgia, with a site restriction of 9.1 kilometers southwest. Channel 295C1 can be allotted to Cross City, Florida, with a site restriction of 26.1 kilometers south.[14]

29. Accordingly, pursuant to the authority contained in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61, 0.204(b) and 0.283 of the Commission's Rules, IT IS ORDERED, That effective **August 31, 1989,** the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, IS AMENDED, with respect to the community listed below, to read as follows:

City	Channel No.
Cross City, Florida	295C1
Live Oak, Florida	251C1, 291A
Thomasville, Georgia	296C1

30. IT IS FURTHER ORDERED, That the petition of Roy Simpson, Virgle Leon Strickland and Paul H. Reynolds to allot Channel 298A to Bambridge, Georgia, and Channel 297A to Crawfordsville, Florida, IS DISMISSED.

31. IT IS FURTHER ORDERED, That the petition of Rahu Broadcasting, Inc. to allot Channel 295A to Perry, Florida, IS DISMISSED.

32. IT IS FURTHER ORDERED, That the petition of Dolcom Broadcasting, Inc. to substitute Channel 276C2 for Channel 276A at Tallahassee, modify its license for Station WTHZ(FM) accordingly, and substitute Channel 298A for Channel 274A at Qincy, Florida, IS DENIED.

33. IT IS FURTHER ORDERED, That the Petition for Reconsideration filed by Gator Broadcasting Company, requesting the acceptance of its petition for rule making seeking the substitution of Channel 247C2 for Channel 249A at Micanopy, Florida, the modification of Gator's license for Station WGGG-FM accordingly, the substitution of Channel 246C2 for Channel 292A at Holiday, Florida, the substitution of Channel 292A for Channel

296A at Beverly Hills, Florida, and the substitution of Channel 300C2 for Channel 247A at Chiefland, Florida, IS DENIED.

34. IT IS FURTHER ORDERED, pursuant to Section 316(a) of the Communications Act of 1934, as amended, that the licenses of Women in Florida Broadcasting, Inc., Station WDFL-FM, Channel 292A, Cross City, Florida, and Thomasville Radio, Inc., Station WLOR-FM, Channel 296A, Thomasville, Georgia, ARE MODIFIED to specify operation on Channel 295C1 and 296C1, respectively, in lieu of their Class A frequencies, subject to the following conditions:

(a) Within 90 days of the effective date of this *Order*, the licensees shall submit to the Commission a minor change application for a construction permit (Form 301).

(b) Upon grant of the construction permit, program tests may be conducted in accordance with Section 73.1620.

(c) Nothing contained herein shall be construed to authorize a change in transmitter location or to avoid the necessity of filing an environmental impact statement pursuant to Section 1.1301 of the Commission's Rules.

35. The window period for filing applications for Channel 291A at Live Oak, Florida, will open on **September 1, 1989,** and close on **October 2, 1989.**

36. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

37. For further information concerning this proceeding, contact Leslie K. Shapiro, Mass Media Bureau, (202) 634-6530.

FEDERAL COMMUNICATIONS COMMISSION

Bradley P. Holmes
Chief,16licy and Rules Division
Mass Media Bureau

FOOTNOTES

[1] The communities of Cross City, Holiday, Avon Park, Sarasota, and Live Oak, Florida, and Thomasville, Georgia, have been added to the caption in MM Docket No. 87-455. The communities of Quincy and Crawfordsville, Florida, and Bambridge, Georgia, have been added to the caption in MM Docket 87-486.

[2] TRI is the successor in interest of Broadcast Investment Associates ("BIA"), the party that originally advanced the proposed substitution of Channel 296C1 for Channel 296A at Thomasville, Georgia, and the modification of the license of then Station WHMJ accordingly, which the Commission accepted, on its own motion, as a counterproposal herein. An application for assignment of Station WHMJ was granted on January 5, 1988, and consummated on February 26, 1988. The station's call letters have also been changed to WLOR(FM) and the station will be referred to by its new call letters.

[3] Public Notice of the counterproposals was given on January 15, 1988, Report No. 1707.

[4] On April 18, 1989, Rahu withdrew its interest in the allotment of a second channel at Perry and no other party expressed a willingness to apply for such a chanel. Therefore, comments responsive to Rahu's request will not be discussed.

[5] The following pleadings were filed after the comment and reply comment period closed: Petition for Leave to File Response and Response to Gator/Monroe Comments filed by Pasco, Supplement to Comments filed by Dolcom, Motion to Strike Dolcom's Supplement filed by TRI, Petition for Leave to File and Reply Comments filed by Sarasota FM, Inc., Motion to Strike TRI's Motion to Strike Supplement filed by Dolcom, Opposition to Dolcom's Motion to Strike filed by TRI, Reply to TRI's Opposition to Motion to Strike filed by Dolcom, Conditional Request to Withdraw Proposal filed by Rahu, Supplemental Comments and Supplement to Supplemental Comments filed by Dolcom, Supporting Supplemental Comments filed by TRI, Motion to Strike Dolcom's Supplemental Comments filed by Asset Investments, Inc. ("Asset"), Motion to Strike Asset's Motion to Strike filed by Dolcom; Comments on Asset's and Dolcom's Motions to Strike filed by TRI, and Reply to TRI's Comments filed by Dolcom. We believe that acceptance of these pleadings will serve the public interest since they serve to crystallize the issues before us, thus facilitating resolution of the proceeding without causing unnecessary delay. Therefore, we are denying the motions to strike.

[6] Public Notice of the Bitner counterproposal was given on January 28, 1988, Report No. 1709. Public Notice of the SSR counterproposal was given on February 19, 1988, Report No. 1712.

[7] On April 4, 1988, SSR filed a request to dismiss its counterproposal. Therefore, neither the counterproposal nor comments responsive thereto will be considered.

[8] The following pleadings were filed after the close of the comment and reply comment periods: Further Reply Comments filed by Dolcom, Motion to Strike TRI's Reply Comments filed by SSR, Opposition to SSR's Motion to Strike filed by TRI, Motion to Strike Dolcom's Further Reply Comments filed by TRI, Motion to Strike TRI's Motion to Strike Further Reply Comments filed by Dolcom, Opposition to Dolcom's Motion to Strike filed by TRI, Reply to TRI's Opposition to Motion to Strike filed by Dolcom, Supplemental Comments filed by Dolcom, Supporting Supplemental Comments filed by TRI, Motion to Strike Dolcom's Supplemental Comments filed by Asset Investments, Inc. ("Asset"), Motion to Strike Asset's Motion to Strike filed by Dolcom, Comments on Asset's and Dolcom's Motions to Strike filed by TRI, Reply to TRI's Comments filed by Dolcom. We believe that acceptance of these pleadings will serve the public interest since they serve to crystallize the issues before us, thus facilitating resolution of the proceeding without causing unnecessary delay. Therefore, we are denying the motions to strike.

[9] All population figures are taken from the 1980 U.S. Census, unless otherwise indicated.

[10] We herein remind petitioners of the necessity to submit accurate data in rule making requests. Here, Bitner-James' petition stated that it desired Channel 276C2 but the engineering study to support the allotment was for Channel 274C2. Therefore, an unnecessary burden was placed on the Commission and interested parties to determine which channel was really being sought.

[11] Channel 229C2 has subsequently been allotted to Geneva by *Report and Order* in MM Docket 87-375. *See* 3 FCC Rcd 5544 (1988).

[12] Gator/Monroe filed its petition for rule making on November 1, 1987, stating that it was serving a copy of the petition on the Perry proponent in the belief that counterproposals to the Perry allotment might conflict with its Micanopy proposal, and on February 1, 1988, filed comments on those conterproposals which did indeed conflict with its rule making proposal. However, by letter dated February 12, 1988, the Commission returned Gator/Monroe's petition based on the need for a 13.7 kilometer site restriction on the allotment of Channel 296A at Beverly Hills. As stated therein, such a site restriction for a Class A allotment is "usually too far to provide the required city-grade signal under Section 73.315 of the Commission's Rules." On March 16, 1988, Gator/Monroe filed a petition for reconsideration of the dismissal of its petition in MM Docket 87-455. On April 7, 1988, Gator/Monroe filed a new petition for rule making, based on new engineering first advanced in its February 1, 1988, comments in this proceeding. In its April 7 petition, Gator/Monroe requests the allotment of Channel 292A, in lieu of the earlier proposed Channel 296A, to Bevery Hills. However, by letter of January 19, 1989, the Commission returned Gator/Monroe's new petition, stating that Channel 292A also could not be allotted to Beverly Hills in compliance with the Commission's minimum distance separation requirements at the coordinates specified in its petition. Rather, the Commission found that the allotment would be 1.6 kilometers short-spaced to Station WDFL-FM, Channel 292A, at Cross City, Florida. Even though Gator/Monroe stated this short-spacing would be negated if the Cross City allotment were changed to Channel 295C1, as requested in MM Docket 87-455, the Commission stated that this was only one of several competing requests in that proceeding. The Commission went on to state that, even if the technical deficiency with the Beverly Hills proposal did not exist, Gator/Monroe's proposal could not be considered as a counterproposal in MM Docket 87-455 since there was no conflict between its request and the allotment of Channel 295A at Perry, Florida. Therefore, the Commission found that Gator/Monroe's proposal could not be considered until such time as Channel 292A could be allotted to Beverly Hills in compliance with the Commission's mileage separation requirements. However, we also stated that Gator/Monroe's Docket 87-455 comments on the counterproposals would be considered in that proceeding. On February 21, 1989, Gator filed a petition for reconsideration of the Commission's January 19, 1989, letter returning its April 7 petition for rule making. We continue to believe that the Commission properly ruled that Gator/Monroe's petition was unacceptable for consideration in this proceeding at the time it was filed. However, although we have not taken Gator/Monroe's petition into account in conducting substantive evaluations of the proposals in this proceeding, we note that our action allotting Channel 295C1 to Cross City now may make possible the consideration of those proposals advanced by Gator/Monroe that are otherwise technically acceptable but for the fact that they constitute untimely counterproposals in this proceeding.

[13] Having now obtained the written agreement of Highlands Media Co., Inc. to relocate the transmitter of Station WWOJ, Pasco may, of course, resubmit its petition for rule making.

[14] The coordinates for Channel 291A at Live Oak are North Latitude 30-17-30 and West Longitude 82-59-12. The coordinates for Channel 296C1 at Thomasville, Georgia, are North Latitude 30-47-12 and West Longitude 84-03-25. The coordinates for Channel 295C1 at Cross City, Florida, are North Latitude 29-24-07 and West Longitude 83-08-10.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 89-317

In the Matter of

Amendment of Section 73.202(b), RM-6677
Table of Allotments,
FM Broadcast Stations.
(Taos, New Mexico)

NOTICE OF PROPOSED RULE MAKING

Adopted: June 23, 1989; Released: July 17, 1989

By the Chief, Allocations Branch:

1. The Commission has before it the petition for rule making filed by Taos County Radio (petitioner), requesting the substitution of Channel 260C2 for Channel 260A at Taos, New Mexico, and the modification of its construction permit for a new station on the Class A channel, accordingly. Channel 260C2 can be allotted to Taos in compliance with the Commission's minimum distance separation requirements with a site restriction of 25.8 kilometers (16.0 miles) northeast to accommodate petitioner's desired transmitter site.[1]

2. We believe the public interest would be served by proposing the substitution of Channel 260C2 for Channel 260A at Taos, New Mexico, since it could allow petitioner's station to increase its coverage area. As requested, we shall also propose to modify petitioner's construction permit to specify operation on Channel 260C2. In accordance with Section 1.420(g) of the Commission's Rules, we shall not accept competing expressions of interest in use of the channel at Taos or require the petitioner to demonstrate the availability of an additional equivalent class channel for use by such interested persons.

3. Accordingly, we seek comments on the proposed amendment of the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, for the community listed below, to read as follows:

	Channel No.	
City	Present	Proposed
Taos, New Mexico	260A, 269A	260C2, 268C2[2]

4. The Commission's authority to institute rule making proceedings, showings required, cut-off procedures, and filing requirements are contained in the attached Appendix and are incorporated by reference herein. In particular, we note that a showing of continuing interest is required by paragraph 2 of the Appendix before a channel will be allotted.

5. Interested parties may file comments on or before **September 7, 1989,** and reply comments on or before **September 22, 1989,** and are advised to read the Appendix for the proper procedures. Additionally, a copy of such comments should be served on the petitioner, or its counsel or consultant, as follows:

Robert A. DePont, Esq.
Fletcher, Heald & Hildreth
1225 Connecticut Avenue, N.W.
Suite 400
Washington, D.C. 20036-2679
(Counsel to petitioner)

6. The Commission has determined that the relevant provisions of the Regulatory Flexibility Act of 1980 do not apply to rule making proceedings to amend the FM Table of Allotments, Section 73.202(b) of the Commission's Rules. *See, Certification That Sections 603 and 604 of the Regulatory Flexibility Act Do Not Apply to Rule Making to Amend Sections 73. 202 (b), 73. 504 and 73. 606 (b) of the Commission's Rules*, 46 FR 11549, February 9, 1981.

7. For further information concerning this proceeding, contact Leslie K. Shapiro, Mass Media Bureau, (202) 634-6530. For purposes of this restricted notice and comment rule making proceeding, members of the public are advised that no *ex parte* presentations are permitted from the time the Commission adopts a Notice of Proposed Rule Making until the proceeding has been decided and such decision is no longer subject to reconsideration by the Commission or review by any court. An *ex parte* presentation is not prohibited if specifically requested by the Commission or staff for the clarification or adduction of evidence or resolution of issues in the proceeding. However, any new written information elicited from such a request or a summary of any new oral information shall be served by the person making the presentation upon the other parties to the proceeding unless the Commission specifically waives this service requirement. Any comment which has not been served on the petitioner constitutes an *ex parte* presentation and shall not be considered in the proceeding. Any reply comment which has not been served on the person(s) who filed the comment, to which the reply is directed, constitutes an *ex parte* presentation and shall not be considered in the proceeding.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

APPENDIX

1. Pursuant to authority found in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61 0.204(b) and 0.283 of the Commission's Rules, IT IS PROPOSED TO AMEND the FM Table of Allotments, Section 73.202(b) of the Commission's Rules and Regulations, as set forth in the *Notice of Proposed Rule Making* to which this Appendix is attached.

2. *Showings Required.* Comments are invited on the proposal(s) discussed in the *Notice of Proposed Rule Making* to which this Appendix is attached. Proponent(s) will be expected to answer whatever questions are presented in initial comments. The proponent of a proposed allotment is also expected to file comments even if it only resubmits or incorporates by reference its former pleadings. It should also restate its present intention to apply for the channel if it is allotted and, if authorized, to build a station promptly. Failure to file may lead to denial of the request.

3. *Cut - off Procedures.* The following procedures will govern the consideration of filings in this proceeding.

(a) Counterproposals advanced in this proceeding itself will be considered if advanced in initial comments, so that parties may comment on them in reply comments. They will not be considered if advanced in reply comments. *(See* Section 1.420(d) of the Commission's Rules.)

(b) With respect to petitions for rule making which conflict with the proposal(s) in this *Notice,* they will be considered as comments in the proceeding, and Public Notice to this effect will be given as long as they are filed before the date for filing initial comments herein. If they are filed later than that, they will not be considered in connection with the decision in this docket.

(c) The filing of a counterproposal may lead the Commission to allot a different channel than was requested for any of the communities involved.

4. *Comments and Reply Comments; Service.* Pursuant to applicable procedures set out in Sections 1.415 and 1.420 of the Commission's Rules and Regulations, interested parties may file comments and reply comments on or before the dates set forth in the *Notice of Proposed Rule Making* to which this Appendix is attached. All submissions by parties to this proceeding or by persons acting on behalf of such parties must be made in written comments, reply comments, or other appropriate pleadings. Comments shall be served on the petitioner by the person filing the comments. Reply comments shall be served on the person(s) who filed comments to which the reply is directed. Such comments and reply comments shall be accompanied by a certificate of service. *(See* Section 1.420(a), (b) and (c) of the Commission's Rules.)

5. *Number of Copies.* In accordance with the provisions of Section 1.420 of the Commission's Rules and Regulations, an original and four copies of all comments, reply comments, pleadings, briefs, or other documents shall be furnished the Commission.

6. *Public Inspection of Filings.* All filings made in this proceeding will be available for examination by interested parties during regular business hours in the Commission's Public Reference Room at its headquarters, 1919 M Street N.W., Washington, D.C.

FOOTNOTES

[1] The coordinates for this allotment are North Latitude 36-32-10 and West Longitude 105-20-10.

[2] The Commission, in a separate proceeding, has proposed the substitution of Channel 268C2 for Channel 269A. *See Notice of Proposed Rule Making,* MM Docket No. 88-589, 54 FR 1731, January 17, 1989.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 88-332

In the Matter of

Amendment of Section 73.202(b), RM-6390
Table of Allotments,
FM Broadcast Stations.
(Egg Harbor City, New Jersey)

REPORT AND ORDER
(Proceeding Terminated)

Adopted: June 26, 1989; Released: July 17, 1989

By the Chief, Allocations Branch:

1. At the request of Rodio Radio, Inc. (petitioner), the Commission has before it the *Notice of Proposed Rule Making*, 3 FCC Rcd 4285 (1988), proposing the substitution of Channel 285B1 for Channel 285A at Egg Harbor City, New Jersey, and the modification of its license for Station WRDR(FM) to specify operation on the higher powered channel. The petitioner filed comments reiterating its intention to apply for Channel 285B1, if allotted. No other comments were received.

2. We believe the public interest would be served by substituting Channel 285B1 for Channel 285A at Egg Harbor City, New Jersey, since it could allow Station WRDR(FM) to expand its coverage area. Channel 285B1 can be allotted to Egg Harbor City in compliance with the Commission's minimum distance separation requirements with a site restriction of 22.6 kilometers (14.1 miles) east to avoid a short-spacing to Station WQHQ, Channel 284B, Ocean City, Maryland.[1] As proposed, we shall also modify petitioner's license for Station WRDR(FM) to specify operation on Channel 285B1.

3. Accordingly, pursuant to the authority contained in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61, 0.204(b) and 0.283 of the Commission's Rules, IT IS ORDERED, That effective **August 31, 1989,** the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, IS AMENDED, with respect to the community listed below, to read as follows:

City	Channel No.
Egg Harbor City, New Jersey	285B1

4. IT IS FURTHER ORDERED, pursuant to Section 316(a) of the Communications Act of 1934, as amended, that the license of Rodio Radio, Inc. for Station WRDR(FM), Egg Harbor City, New Jersey, IS MODIFIED to specify operation on Channel 285B1, in lieu of Channel 285A, subject to the following conditions:

(a) Within 90 days of the effective date of this *Order*, the licensee shall submit to the Commission a minor change application for a construction permit (Form 301).

(b) Upon grant of the construction permit, program tests may be conducted in accordance with Section 73.1620.

(c) Nothing contained herein shall be construed to authorize a change in transmitter location or to avoid the necessity of filing an environmental impact statement pursuant to Section 1.1301 of the Commission's Rules.

5. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

6. For further information concerning this proceeding, contact Leslie K. Shapiro, Mass Media Bureau, (202) 634-6530.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

FOOTNOTE

[1] The coordinates for this allotment are North Latitude 39-29-05 and West Longitude 74-23-38.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 88-355

In the Matter of

Amendment of Section 73.202(b), RM-6396
Table of Allotments,
FM Broadcast Stations.
(Indian Springs, Nevada)

REPORT AND ORDER
(Proceeding Terminated)

Adopted: June 26, 1989; Released: July 17, 1989

By the Chief, Allocations Branch:

1. At the request of Clair B. Benezra (petitioner), the Commission has before it the *Notice of Proposed Rule Making*, 3 FCC Rcd 4655 (1988), proposing the allotment of Channel 257A to Indian Springs, Nevada, as its first local FM service. Comments supporting the allotment were filed by the petitioner. No other comments were received.

2. In her petition for rule making, petitioner stated that Indian Springs has a population of 700 persons and that it is located approximately 35 kilometers southeast of the Atomic Energy Commission's Nevada Test Site. However, since Indian Springs is not listed in the 1980 U.S. Census or incorporated, the *Notice* requested that the petitioner furnish additional data in order to determine if Indian Springs is a "community" for allotment purposes. In support, she states that Indian Springs, although unincorporated, has, among other things, a town governing board, fire department, U.S. post office, elementary and high schools, community-owned community center building, local library, Masonic Lodge and three churches. It also has a number of commercial establishments, including a casino, motel, automobile repair shop, market and country store as well as several restaurants, gasoline service stations, and mobile home parks. She goes on to state that approximately 100 residents of Indian Springs are employed at the Indian Springs Correctional Institution.

3. Based upon petitioner's showing, we find that Indian Springs is a "community" for allotment purposes and that the public interest would be served by alloting Channel 257A since it could provide the community with its first local FM service. Channel 257A can be allotted to Indian Springs in compliance with the Commission's minimum distance separation requirements without the imposition of a site restriction.[1]

4. Accordingly, pursuant to the authority contained in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61, 0.204(b) and 0.283 of the Commission's Rules, IT IS ORDERED, That effective **August 31, 1989,** the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, IS AMENDED, with respect to the community listed below, to read as follows:

City	Channel No.
Indian Springs, Nevada	257A

5. The window period for filing applications will open on **September 1, 1989,** and close on **October 2, 1989.**

6. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

7. For further information concerning this proceeding, contact Leslie K. Shapiro, Mass Media Bureau, (202) 634-6530.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

FOOTNOTE

[1] The coordinates for this allotment are North Latitude 36-34-30 and West Longitude 115-40-06.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 89-316

In the Matter of

Amendment of Section 73.202(b), RM-6709
Table of Allotments,
FM Broadcast Stations.
(Morristown, New York)

NOTICE OF PROPOSED RULE MAKING

Adopted: June 27, 1989; Released: July 17, 1989

By the Chief, Allocations Branch:

1. The Commission has before it the petition for rule making filed by Four Seasons Communications, Inc. (petitioner), requesting the allotment of Channel 275A to Morristown, New York, as the community's first local FM service. Petitioner states that it will apply for the channel, if allotted.

2. Channel 275A can be allotted to Morristown in compliance with the Commission's minimum distance separation requirements without the imposition of a site restriction.[1] Canadian concurrence is required before the channel can be allotted since Morristown is located within 320 kilometers (200 miles) of the U.S.-Canadian border.

3. We believe the public interest would be served by proposing the allotment of Channel 275A to Morristown, New York, since it could provide the community with its first local FM service. Accordingly, we seek comments on the proposed amendment of the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, for the community listed below, to read as follows:

	Channel No.	
City	Present	Proposed
Morristown, New York	--	275A

4. The Commission's authority to institute rule making proceedings, showings required, cut-off procedures, and filing requirements are contained in the attached Appendix and are incorporated by reference herein. In particular, we note that a showing of continuing interest is required by paragraph 2 of the Appendix before a channel will be allotted.

5. Interested parties may file comments on or before **September 7, 1989,** and reply comments on or before **September 22, 1989,** and are advised to read the Appendix for the proper procedures. Additionally, a copy of such comments should be served on the petitioner, or its counsel or consultant, as follows:

Timothy D. Martz, President
Four Seasons Communications, Inc.
P.O. Box 36
Fairfield, Connecticut 06430
(Petitioner)

6. The Commission has determined that the relevant provisions of the Regulatory Flexibility Act of 1980 do not apply to rule making proceedings to amend the FM Table of Allotments, Section 73.202(b) of the Commission's Rules. *See, Certification That Sections 603 and 604 of the Regulatory Flexibility Act Do Not Apply to Rule Making to Amend Sections 73. 202 (b), 73. 504 and 73. 606 (b) of the Commission's Rules*, 46 FR 11549, February 9, 1981.

7. For further information concerning this proceeding, contact Leslie K. Shapiro, Mass Media Bureau, (202) 634-6530. For purposes of this restricted notice and comment rule making proceeding, members of the public are advised that no *ex parte* presentations are permitted from the time the Commission adopts a Notice of Proposed Rule Making until the proceeding has been decided and such decision is no longer subject to reconsideration by the Commission or review by any court. An *ex parte* presentation is not prohibited if specifically requested by the Commission or staff for the clarification or adduction of evidence or resolution of issues in the proceeding. However, any new written information elicited from such a request or a summary of any new oral information shall be served by the person making the presentation upon the other parties to the proceeding unless the Commission specifically waives this service requirement. Any comment which has not been served on the petitioner constitutes an *ex parte* presentation and shall not be considered in the proceeding. Any reply comment which has not been served on the person(s) who filed the comment, to which the reply is directed, constitutes an *ex parte* presentation and shall not be considered in the proceeding.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

APPENDIX

1. Pursuant to authority found in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61 0.204(b) and 0.283 of the Commission's Rules, IT IS PROPOSED TO AMEND the FM Table of Allotments, Section 73.202(b) of the Commission's Rules and Regulations, as set forth in the *Notice of Proposed Rule Making* to which this Appendix is attached.

2. *Showings Required.* Comments are invited on the proposal(s) discussed in the *Notice of Proposed Rule Making* to which this Appendix is attached. Proponent(s) will be expected to answer whatever questions are presented in initial comments. The proponent of a proposed allotment

is also expected to file comments even if it only resubmits or incorporates by reference its former pleadings. It should also restate its present intention to apply for the channel if it is allotted and, if authorized, to build a station promptly. Failure to file may lead to denial of the request.

3. *Cut - off Procedures.* The following procedures will govern the consideration of filings in this proceeding.

(a) Counterproposals advanced in this proceeding itself will be considered if advanced in initial comments, so that parties may comment on them in reply comments. They will not be considered if advanced in reply comments. *(See* Section 1.420(d) of the Commission's Rules.)

(b) With respect to petitions for rule making which conflict with the proposal(s) in this *Notice,* they will be considered as comments in the proceeding, and Public Notice to this effect will be given as long as they are filed before the date for filing initial comments herein. If they are filed later than that, they will not be considered in connection with the decision in this docket.

(c) The filing of a counterproposal may lead the Commission to allot a different channel than was requested for any of the communities involved.

4. *Comments and Reply Comments; Service.* Pursuant to applicable procedures set out in Sections 1.415 and 1.420 of the Commission's Rules and Regulations, interested parties may file comments and reply comments on or before the dates set forth in the *Notice of Proposed Rule Making* to which this Appendix is attached. All submissions by parties to this proceeding or by persons acting on behalf of such parties must be made in written comments, reply comments, or other appropriate pleadings. Comments shall be served on the petitioner by the person filing the comments. Reply comments shall be served on the person(s) who filed comments to which the reply is directed. Such comments and reply comments shall be accompanied by a certificate of service. *(See* Section 1.420(a), (b) and (c) of the Commission's Rules.)

5. *Number of Copies.* In accordance with the provisions of Section 1.420 of the Commission's Rules and Regulations, an original and four copies of all comments, reply comments, pleadings, briefs, or other documents shall be furnished the Commission.

6. *Public Inspection of Filings.* All filings made in this proceeding will be available for examination by interested parties during regular business hours in the Commission's Public Reference Room at its headquarters, 1919 M Street N.W., Washington, D.C.

FOOTNOTE

[1] The coordinates for this allotment are North Latitude 44-35-18 and West Longitude 75-39-00.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 89-315

In the Matter of

Amendment of Section 73.202(b), RM-6662
Table of Allotments,
FM Broadcast Stations.
(Spirit Lake, Iowa)

NOTICE OF PROPOSED RULE MAKING

Adopted: June 27, 1989; Released: July 17, 1989

By the Chief, Allocations Branch:

1. The Commission has before it the petition for rule making filed by Campus Radio Company, Inc. (petitioner), requesting the substitution of Channel 280C2 for Channel 280A at Spirit Lake, Iowa, and the modification of its license for Station KUOO(FM) to specify operation on the higher powered channel. Channel 280C2 can be allotted to Spirit Lake in compliance with the Commission's minimum distance separation requirements with a site restriction of 3.6 kilometers (2.2 miles) south to avoid a short-spacing to Channel 283C2 at St. James, Minnesota.[1]

2. As requested, we shall also propose to modify petitioner's license for Station KUOO(FM) to specify operation on Channel 280C2. In accordance with Section 1.420(g) of the Commission's Rules, we shall not accept competing expressions of interest in use of the channel at Spirit Lake or require the petitioner to demonstrate the availability of an additional equivalent class channel for use by such parties.

3. We believe the public interest would be served by proposing the substitution of Channel 280C2 for Channel 280A at Spirit Lake, Iowa, since it could enable Station KUOO(FM) to expand its coverage area. Accordingly, we seek comments on the proposed amendment of the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, for the community listed below, to read as follows:

	Channel No.	
City	Present	Proposed
Spirit Lake, Iowa	280A	280C2

4. The Commission's authority to institute rule making proceedings, showings required, cut-off procedures, and filing requirements are contained in the attached Appendix and are incorporated by reference herein. In particular, we note that a showing of continuing interest is required by paragraph 2 of the Appendix before a channel will be allotted.

5. Interested parties may file comments on or before **September 7, 1989,** and reply comments on or before **September 22, 1989,** and are advised to read the Appendix for the proper procedures. Additionally, a copy of such comments should be served on the petitioner, or its counsel or consultant, as follows:

Marnie K. Sarver, Esq.
Pierson, Ball & Dowd
1200-18th Street, N.W.
Washington, D.C. 20036
(Counsel to petitioner)

6. The Commission has determined that the relevant provisions of the Regulatory Flexibility Act of 1980 do not apply to rule making proceedings to amend the FM Table of Allotments, Section 73.202(b) of the Commission's Rules. *See, Certification That Sections 603 and 604 of the Regulatory Flexibility Act Do Not Apply to Rule Making to Amend Sections 73. 202 (b), 73. 504 and 73. 606 (b) of the Commission's Rules*, 46 FR 11549, February 9, 1981.

7. For further information concerning this proceeding, contact Leslie K. Shapiro, Mass Media Bureau, (202) 634-6530. For purposes of this restricted notice and comment rule making proceeding, members of the public are advised that no *ex parte* presentations are permitted from the time the Commission adopts a Notice of Proposed Rule Making until the proceeding has been decided and such decision is no longer subject to reconsideration by the Commission or review by any court. An *ex parte* presentation is not prohibited if specifically requested by the Commission or staff for the clarification or adduction of evidence or resolution of issues in the proceeding. However, any new written information elicited from such a request or a summary of any new oral information shall be served by the person making the presentation upon the other parties to the proceeding unless the Commission specifically waives this service requirement. Any comment which has not been served on the petitioner constitutes an *ex parte* presentation and shall not be considered in the proceeding. Any reply comment which has not been served on the person(s) who filed the comment, to which the reply is directed, constitutes an *ex parte* presentation and shall not be considered in the proceeding.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

APPENDIX

1. Pursuant to authority found in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61 0.204(b) and 0.283 of the Commission's Rules, IT IS PROPOSED TO AMEND the FM Table of Allotments, Section 73.202(b) of the

Commission's Rules and Regulations, as set forth in the *Notice of Proposed Rule Making* to which this Appendix is attached.

2. *Showings Required.* Comments are invited on the proposal(s) discussed in the *Notice of Proposed Rule Making* to which this Appendix is attached. Proponent(s) will be expected to answer whatever questions are presented in initial comments. The proponent of a proposed allotment is also expected to file comments even if it only resubmits or incorporates by reference its former pleadings. It should also restate its present intention to apply for the channel if it is allotted and, if authorized, to build a station promptly. Failure to file may lead to denial of the request.

3. *Cut - off Procedures.* The following procedures will govern the consideration of filings in this proceeding.

(a) Counterproposals advanced in this proceeding itself will be considered if advanced in initial comments, so that parties may comment on them in reply comments. They will not be considered if advanced in reply comments. *(See* Section 1.420(d) of the Commission's Rules.)

(b) With respect to petitions for rule making which conflict with the proposal(s) in this *Notice,* they will be considered as comments in the proceeding, and Public Notice to this effect will be given as long as they are filed before the date for filing initial comments herein. If they are filed later than that, they will not be considered in connection with the decision in this docket.

(c) The filing of a counterproposal may lead the Commission to allot a different channel than was requested for any of the communities involved.

4. *Comments and Reply Comments; Service.* Pursuant to applicable procedures set out in Sections 1.415 and 1.420 of the Commission's Rules and Regulations, interested parties may file comments and reply comments on or before the dates set forth in the *Notice of Proposed Rule Making* to which this Appendix is attached. All submissions by parties to this proceeding or by persons acting on behalf of such parties must be made in written comments, reply comments, or other appropriate pleadings. Comments shall be served on the petitioner by the person filing the comments. Reply comments shall be served on the person(s) who filed comments to which the reply is directed. Such comments and reply comments shall be accompanied by a certificate of service. *(See* Section 1.420(a), (b) and (c) of the Commission's Rules.)

5. *Number of Copies.* In accordance with the provisions of Section 1.420 of the Commission's Rules and Regulations, an original and four copies of all comments, reply comments, pleadings, briefs, or other documents shall be furnished the Commission.

6. *Public Inspection of Filings.* All filings made in this proceeding will be available for examination by interested parties during regular business hours in the Commission's Public Reference Room at its headquarters, 1919 M Street N.W., Washington, D.C.

FOOTNOTE

[1] The coordinates for this allotment are North Latitude 43-23-42 and West Longitude 95-06-59.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 89-314

In the Matter of

Amendment of Section 73.202(b), RM-6773
Table of Allotments,
FM Broadcast Stations.
(Colusa, California)

NOTICE OF PROPOSED RULE MAKING

Adopted: June 26, 1989; **Released: July 17, 1989**

By the Chief, Allocations Branch:

1. A petition for rule making has been filed on behalf of Mark P. Guidotti (petitioner), permittee of Station KKLU(FM), Channel 243A, Colusa, California, requesting the substitution of Channel 276A for Channel 243A at Colusa, and modification of his permit accordingly.

2. In support of the proposal, petitioner states that although Station KKLU(FM), Channel 243A at Colusa complies with the Commission's minimum distance separation requirements to Station KNVR(FM), Channel 244A, Paradise, California,[1] he desires to eliminate alleged interference on the first adjacent channel in Station KKLU's primary service area. In this regard, petitioner claims that favorable terrain conditions at Paradise, coupled with the present operating values of Station KNVR(FM), 3 kW at 100 meters, affords it an unobstructed line of sight into Colusa. Petitioner further asserts that according to verified field measurements, Station KNVR's 54 dBu signal will invade approximately 39% of Station KKLU's proposed 1 mv/m signal contour.[2] Moreover, petitioner avers that due to the nearness of co-channel Station KOIT-FM, [3] Channel 243B, San Francisco, California, as well as second adjacent Stations KCTC(FM), Channel 241B,[4] and KROY(FM), Channel 245B,[5] both Sacramento, it is constrained in its choice of transmitter locations to an area consisting of 195 square kilometers. Petitioner remarks that the requested substitution of Channel 276A for Channel 243A will provide far greater flexibility in site selection, would afford KKLU the opportunity to select facilities which could optimize its coverage area, and, by providing for a greater "interference-free" reception area, result in a much improved service over that now provided using Channel 243A.

3. A staff engineering analysis reveals that Channel 276A can be allotted to Colusa in conformity with the minimum distance separation requirements of Section 73.207(b) of the Commission's Rules at the petitioner's suggested site 0.8 kilometers southeast of the community.[6]

4. In view of the above, we believe the public interest would be served by proposing the substitution of Channel 276A for Channel 243A at Colusa since it could provide the community with an improved FM service. Pursuant to the provisions of Section 1.420(g) of the Commission's Rules, we also propose to modify the permit of Station KKLU(FM) to specify operation on Channel 276A, as requested.

5. Accordingly, we invite comments on the proposal to amend the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, with respect to the community listed below as follows:

	Channel No.	
City	Present	Proposed
Colusa, California	243A	276A

6. The Commission's authority to institute rule making proceedings, showings required, cut-off procedures, and filing requirements are contained in the attached Appendix and are incorporated by reference herein. In particular, we note that a showing of continuing interest is required by paragraph 2 of the Appendix before a channel will be allotted.

7. Interested parties may file comments on or before **September 7, 1989,** and reply comments on or before **September 22, 1989,** and are advised to read the Appendix for the proper procedures. Additionally, a copy of such comments should be served on the petitioner's counsel, as follows:

Howard M. Liberman, Esq.
Gerald Stevens-Kittner, Esq.
Arter & Hadden
1919 Penn. Ave., NW
Suite 400
Washington, DC 20006

8. The Commission has determined that the relevant provisions of the Regulatory Flexibility Act of 1980 do not apply to rule making proceedings to amend the FM Table of Allotments, Section 73.202(b) of the Commission's Rules. *See Certification that Sections 603 and 604 of the Regulatory Flexibility Act Do Not Apply to Rule Making to Amend Sections 73. 202 (b), 73. 504 and 73. 606 (b) of the Commission's Rules*, 46 FR 11549, February 9, 1981.

9. For further information concerning this proceeding, contact Nancy Joyner, Mass Media Bureau, (202) 634-6530. For purposes of this restricted notice and comment rule making proceeding, members of the public are advised that no *ex parte* presentations are permitted from the time the Commission adopts a Notice of Proposed Rule Making until the proceeding has been decided and such decision is no longer subject to reconsideration by the Commission or review by any court. An *ex parte* presentation is not prohibited if specifically requested by the Commission or staff for the clarification or adduction of evidence or resolution of issues in the proceeding. However, any new written information elicited from such a request or a summary of any new oral information shall be served by the person making the presentation upon the other parties to the proceeding unless the Commission specifically waives this service requirement. Any comment which has not been served on the petitioner constitutes an *ex parte* presentation and shall not be considered in the proceeding. Any reply comment which has not been served on the person(s) who filed the comment, to which the reply is directed, constitutes an *ex parte* presentation and shall not be considered in the proceeding.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

APPENDIX

1. Pursuant to authority found in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61 0.204(b) and 0.283 of the Commission's Rules, IT IS PROPOSED TO AMEND the FM Table of Allotments, Section 73.202(b) of the Commission's Rules and Regulations, as set forth in the *Notice of Proposed Rule Making* to which this Appendix is attached.

2. *Showings Required.* Comments are invited on the proposal(s) discussed in the *Notice of Proposed Rule Making* to which this Appendix is attached. Proponent(s) will be expected to answer whatever questions are presented in initial comments. The proponent of a proposed allotment is also expected to file comments even if it only resubmits or incorporates by reference its former pleadings. It should also restate its present intention to apply for the channel if it is allotted and, if authorized, to build a station promptly. Failure to file may lead to denial of the request.

3. *Cut - off Procedures.* The following procedures will govern the consideration of filings in this proceeding.

(a) Counterproposals advanced in this proceeding itself will be considered if advanced in initial comments, so that parties may comment on them in reply comments. They will not be considered if advanced in reply comments. *(See* Section 1.420(d) of the Commission's Rules.)

(b) With respect to petitions for rule making which conflict with the proposal(s) in this *Notice,* they will be considered as comments in the proceeding, and Public Notice to this effect will be given as long as they are filed before the date for filing initial comments herein. If they are filed later than that, they will not be considered in connection with the decision in this docket.

(c) The filing of a counterproposal may lead the Commission to allot a different channel than was requested for any of the communities involved.

4. *Comments and Reply Comments; Service.* Pursuant to applicable procedures set out in Sections 1.415 and 1.420 of the Commission's Rules and Regulations, interested parties may file comments and reply comments on or before the dates set forth in the *Notice of Proposed Rule Making* to which this Appendix is attached. All submissions by parties to this proceeding or by persons acting on behalf of such parties must be made in written comments, reply comments, or other appropriate pleadings. Comments shall be served on the petitioner by the person filing the comments. Reply comments shall be served on the person(s) who filed comments to which the reply is directed. Such comments and reply comments shall be accompanied by a certificate of service. *(See* Section 1.420(a), (b) and (c) of the Commission's Rules.)

5. *Number of Copies.* In accordance with the provisions of Section 1.420 of the Commission's Rules and Regulations, an original and four copies of all comments, reply comments, pleadings, briefs, or other documents shall be furnished the Commission.

6. *Public Inspection of Filings.* All filings made in this proceeding will be available for examination by interested parties during regular business hours in the Commission's Public Reference Room at its headquarters, 1919 M Street N.W., Washington, D.C.

FOOTNOTES

[1] Coordinates at the licensed site of Station KNVR(FM) are 39-47-01 and 121-40-37.

[2] A signal strength of 54 dBu or greater may cause interference to a nearby Class A, C1, C2 or C3 station operating on a first adjacent channel, given that the field strength at the respective service contours is approximately 60 dBu and the protection ratio for first adjacent channels is -6 dB.

[3] Petitioner also alleges and provides measurement data supporting the existence of interference from Station KOIT-FM. Coordinates at the licensed site of Station KOIT-FM are 37-45-20 and 122-27-05.

[4] Coordinates at the licensed site of Station KCTC(FM) are 38-38-09 and 121-33-11.

[5] Coordinates at the licensed site of Station KROY(FM) are 38-38-54 and 121-28-40.

[6] Coordinates at the specified site for Channel 276A at Colusa are 39-12-19 and 122-00-19.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 86-438

In re Applications of

PORT HURON FAMILY RADIO, INC. File No. BPH-830325AE

L & K BROADCASTING, INC. File No. BPH-830714AC

For Construction Permit for a
New FM Station Port Huron, Michigan

MEMORANDUM OPINION AND ORDER

Adopted: July 6, 1989; Released: July 19, 1989

By the Review Board: MARINO (Chairman), BLUMENTHAL and ESBENSEN.

1. In a final *Decision* in this proceeding, released March 23, 1989 (4 FCC Rcd 2532), the Review Board found both remaining applicants herein, Port Huron Family Radio, Inc. (Family) and L&K Broadcasting, Inc. (L&K), basically unqualified to be Commission licensees. Family was disqualified because it lacked the requisite financial qualifications to implement its proposal, and L&K was disqualified because it lacked a transmitter site for its proposed facility. On April 24, 1989, L&K filed a Petition for Reconsideration of our *Decision*, which was opposed by Family on May 9, 1989. Thereafter, beginning on May 19, 1989, L&K requested a series of extensions of time in which to file a reply to Family's opposition, based on representations that: (1) the two parties had reached an agreement under which L&K would dismiss its application in exchange for monetary consideration (thus mooting its petition for reconsideration); and (2) the dismissal would *not* be contingent on grant of Family's application. Extensions of time were granted through June 16, 1989. On that date, the applicants filed a Joint Petition For Approval Of Settlement And Other Relief (which was supplemented on June 19, 1989).

2. The settlement agreement submitted by the parties provides, in part, that Family would pay L&K a total of $75,000 "not conditional upon grant of Family's application but only upon finality of dismissal of L&K's application." [1] The agreement also provides, in pertinent part, as follows [2]:

> Family, in connection with the prior dismissal of the then-competing application of Port Huron FM Broadcasting Company ("FM"), granted FM a first right of refusal to purchase the license or construction permit for the new Port Huron station (hereafter "the station"), in the event Family decided to accept an offer of purchase within three years after commencement of program tests. Family hereby grants to L&K or L&K's designee, a right of prior refusal to purchase the new Port Huron station, in the event Family were to receive an offer of purchase before the commencement of program tests by the new Port Huron station, and a right of prior refusal, in the event Family were to decide to accept such a purchase offer within three years after the commencement of program tests. L&K's rights of refusal are conditional upon FM not first exercising the right of refusal previously granted to it. Family shall give written notice to L&K of any offer which it has decided to accept for purchase of the Port Huron license or construction permit, prior to accepting such offer. Such notice shall describe all material terms of the offer. L&K may decide to purchase the station on the stated term by sending a written acceptance to Family within 14 days of the receipt of the notice. Upon receipt of a written acceptance from L&K, Family shall be obligated to follow through and convey the station to L&K, executing all papers necessary to accomplish that end. To the extent that L&K's right of refusal is coexistensive in time with that previously granted to FM, notice of an offer, which Family has decided to accept, to purchase the new Port Huron station shall be given to L&K at the same time such notice is given to FM. L&K's rights to purchase the station shall be subject to whatever prior rights may exist for FM. If neither FM nor L&K accept within the specified period, Family may then sell the station to a third party, but only on the terms of which L&K was given notice. Any change in material terms must again be presented to L&K using the procedure set out above.

3. We first observe that had the proposed settlement agreement been limited to providing for L&K's dismissal solely in consideration for the monetary sum specified, we would have little pause in approving the proposal. That is, the applicants (in accordance with the requirements of 47 C.F.R. §73.3525, which implements the Communications Act, 47 U.S.C. §311(c)(3)) have submitted declarations, under penalty of perjury, stating that their applications were not filed for the purpose of reaching or carrying out a settlement, and they have demonstrated that the public interest would be served by reducing the number of competing applicants (thereby conserving the time and resources of the Commission and the parties). Moreover, under present Commission policy, there would be no impediment to the mere dismissal of L&K's application because the *quid pro quo* would not be a grant of Family's application (because, as noted, Family has been found unqualified to be a licensee). [3] *See Webster - Fuller Communications Associates*, FCC 89-189, released June 19, 1989 (Commission approves settlement dismissing two applicants where settlement not dependent on grant of third applicant which has basic qualifications issues outstanding against it); *California Broadcasting Corp.*, 2 FCC Rcd 4175, 4193 (Rev. Bd. 1987) (construction permits may only be awarded to fully qualified applicants). [4]

4. The problem here, however, arises from the "right of prior refusal" provisions of the Joint Agreement (recited above) which would permit L&K, under certain circumstances, to purchase the new Port Huron facility from Family at some point in the future (assuming Family is

successful in its appeal process and becomes a permittee/licensee). Indeed, L&K's rights under the agreement appear to extend even to offers of purchase made during the period *prior* to the commencement of program tests by the new facility. Thus, L&K, while unqualified and dismissed at this juncture, could enjoy the potential opportunity of coming into possession of the facility, even though it, like Family, was found lacking the basic qualifications to be a Commission licensee. Not only would such an eventuality contradict the principles enunciated in *California Broadcasting, supra*, it would raise other problems which L&K itself touched upon in its still-pending Petition for Reconsideration. There, for example, L&K argued that its disqualification was erroneously based on a finding that its principal, Kenneth Monicatti, misrepresented the availability of L&K's transmitter site, even though no misrepresentation issue was specified against it. While we reject this contention (L&K was expressly disqualified in our *Decision* only because it lacked reasonable assurance of a transmitter site under the designated site availability issue), we nevertheless readily agree that the credibility of Monicatti's claims of reasonable assurance were examined and found to be unsupported and unbelievable. Thus, in light of L&K's disqualification under the site issue, it would have been superfluous to remand for further possible disqualification under a separate misrepresentation issue. [5] *See Rockledge Radio, Ltd.*, 89R-39, released June 26, 1989; *62 Broadcasting, Inc.*, 4 FCC Rcd 1768, 1774 (Rev. Bd. 1989); *Dutchess Communications Corp.*, 101 FCC 2d 243 nn. 13, 31 (Rev. Bd. 1985). In sum, because of the underlying site disqualification and pregnant questions as to Monicatti's *bona fides*, we could in no circumstance approve an arrangement whereby L&K might ultimately become the permittee/licensee of the facility at issue herein.

5. ACCORDINGLY, IT IS ORDERED, That the Joint Petition For Approval Of Settlement And Other Relief, filed June 16, 1989, as supplemented June 19, 1989, by Port Huron Family Radio, Inc., and L&K Broadcasting, Inc., IS DENIED.

FEDERAL COMMUNICATIONS COMMISSION

Eric T. Esbensen
Member, Review Board

FOOTNOTES

[1] Settlement Agreement at 2.

[2] *Id.*, at 2-3.

[3] On April 24, 1989, Family filed an application for review of the denial of its application with the Commission.

[4] The fact that L&K's application was denied by the Board is also not a bar to its proposed dismissal. The *Webster - Fuller* Commission in fact reinstated an applicant previously dismissed for lack of a transmitter site, so that it could participate in the settlement; and, Commission policy permits applicants with unresolved character allegations against them to withdraw their applications pursuant to settlement agreements. *Allegan County Broadcasters, Inc.*, 83 FCC 2d 371 (1980).

[5] For purposes of this *Order*, this textual discussion is only a summary of L&K's pending Petition for Reconsideration, which will be given fuller treatment in our actual ruling or that petition at a future date.

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

COMDISCO DISASTER
RECOVERY SERVICES, INC

Applications for authority CSG-89-051-ML
to modify fixed 1.8, 2.4, CSG-89-052-ML
3.5 and 4.5-meter Ku-band CSG-89-053-ML
domestic transmit/receive CSG-89-054-ML
earth stations (Call Signs E890429,
E890430, E890431 and E890432) for the
provision of services between the United
States and Canada and Mexico on a
non-common carrier basis

UNIVERSITY CORPORATION FOR
ATMOSPHERIC RESEARCH

Application for authority CSG-89-062-ML
to modify its license for a
4.6-meter Ku-band domestic
fixed satellite earth station at Boulder
Colorado (Call Sign E890529) to access
all U.S. domestic satellites and
Morelos I and II

AMERICAN SATELLITE COMPANY
d/b/a CONTEL/ASC

Application for authority CSG-89-063-ML
to modify a 10-meter
C-band domestic earth
station facility for the provision of
data communications services between
Murphy, Texas and Winnipeg, Canada

ERICSSON, INC.

Application for authority CSG-89-064-ML
to modify a 4.5-meter Ku-band domestic
earth station facility (Call Sign
E890546) for the provision of voice and
data communications between Richardson,
Texas and points serviced by the Alsat
and Morelos I and II satellites

HUGHES COMMUNICATIONS SATELLITE
SERVICES, INC.

Applications for authority CSG-89-065-ML
to modify its 1.8, 2.4 and CSG-89-066-ML
3.5-meter VSAT stations CSG-89-067-ML
(Call Signs E890259, E890260 and E890261)
to establish channels of communications
with all Ku-band satellites which have
been or will be consulted under Article
XIV(d) of the INTELSAT Agreement for
transmissions between the United States
and Canada and Latin America

OUTLET BROADCASTING, INC.

Application for authority CSG-89-079-ML
to modify its license for a
domestic private fixed
10-meter Ku-band television
transmit/receive satellite earth station
(Call Sign E890582) at Columbus, Ohio
to access the the Anik and Morelos
satellite systems

HUGHES COMMUNICATIONS SATELLITE
SERVICES, INC.

Applications for authority CSG-89-082-ML
to modify its CSG-89-083-ML
9.2-meter Ku-band hub earth CSG-89-084-ML
station (Call Sign E880970) CSG-89-085-ML
in Spring Creek, New York
and 1.2, 1.8 and 2.4-meter VSAT stations
(Call Signs E880787, E880788 and E880789)
to establish channels of communications
with all Ku-band satellites which have
been or will be consulted under Article
XIV(d) of the INTELSAT Agreement for
transmissions between the United States
and Canada and Latin America, as well as
Alaska and Hawaii

WASHINGTON INTERNATIONAL
TELEPORT, INC.

Application for authority CSG-89-104-ML
to modify its license for a
11-meter C-band domestic
transmit/receive satellite earth station
(Call Sign E881174 at Bren Mar, Virginia
to communicate with Alsat and the Anik
satellites for services between the
United States and Canada

MEMORANDUM OPINION, ORDER AND AUTHORIZATION

Adopted: June 30, 1989; Released: July 19, 1989

By the Chief, International Facilities Division:

1. The Commission has under consideration the above-captioned applications requesting authority under Title III of the Communications Act of 1934, as amended, to modify existing domestic satellite earth station licenses or to construct new earth station facilities to provide satellite transborder services between the United States and Canada, Mexico, Latin America and the Caribbean. These applications were placed on the Commission's public notice. No comments were received.

THE APPLICATIONS

2. *Hughes Communications Satellite Services, Inc. (HCSS) (File Nos. CSG-89065-ML, CSG-89066-ML, CSG-89-067-ML, CSG-89-082-ML, CSG-89-083-ML, CS-89-084-ML, and CSG -89 -085 -ML).* HCSS is a wholly-owned subsidiary of Hughes Communications, Inc., which in turn is a wholly-owned subsidiary of the satellite manufacturing arm of Hughes Aircraft Company. In application File Nos. CSG-89-065-ML, CSG-89-066-ML and CSG-89-067-ML, HCSS seeks authority to modify its 1.8, 2.4, and 3.5-meter VSAT stations (Call Signs E890259, E890260 and E890261) to establish channels of communications will all Ku-band satellites which have been or will be consulted under Article XIV(d) of the INTELSAT Agreement for transmissions between the United States and Canada and Latin America. HCSS has previously been granted authority to operate a 9.2-meter Ku-band hub earth station in New York, New York and this modification with result in the addition of up to 5,050 VSAT stations. HCSS intends to provide extra high-speed data, one-way video and digitized voice transmission to Canada and Mexico and certain Latin American points, as well as two-way service between the United States and Canada and Mexico.

3. In application File Nos. CSG-89-082-ML, CSG-89-083-ML, CSG-89-084-ML and CSG-89-085-ML, HCSS seeks authority to modify its 9.2-meter Ku- band hub earth station (Call Sign E880970) in Spring Creek, New York and 1.2, 1.8 and 2.4-meter VSAT stations (Call Signs E880787, E880788 and E880789) to establish channels of communications will all Ku-band satellites which have been or will be consulted under Article XIV(d) of the INTELSAT Agreement to provide high-speed data, one-way video and digitized voice transmissions to or from Canada, Mexico, Latin America and Caribbean countries, as well as two- way services between the United States and Canada and Mexico.[1] HCSS states that it will utilize as its hub a 9.2-meter Ku-band hub, which it previously authorized to construct and operate to provide International Business Services (IBS) in the INTELSAT Atlantic Ocean Region (AOR) (File No. CSG-86-009- P/L) and for which it subsequently received authorization to operate that antenna as a hub for a domestic VSAT network. Because the 9.2-meter facility is being used as the hub for the VSAT network, HCSS no longer plans to provide IBS service to the AOR and relinquishes its international fixed earth station license (Call Sign KA-66).

4. *Comdisco Disaster Recovery Services, Inc. (CDRS) (File Nos. CSG - 89 - 051 - ML, CSG - 89 - 052 - ML, CSG - 89 - 053 - ML and CSG - 89 - 054 - ML).* In the subject applications, CDRS requests authority to modify its licensed domestic Ku- band 1.8, 2.4, 3.5 and 4.5-meter earth station facilities (Call Signs E890429, E890430, E890431 and E890432) to transmit and receive data, video and voice services between the United States and Canada and Mexico via all satellite systems consulted under Article XIV(d) of the INTELSAT Agreement. CDRS states that the requested authority will not be used for the transmission of programming to the general public or the offering of service on a common carrier basis.

5. *University Corporation for Atmospheric Research (UCAR) (File No. CSG - 89 - 062 - ML).* UCAR is a member of a network currently consisting of three educational institutions (UCAR, Universidad Nacional Autonoma de Mexico and the Instituto Technologica y de Estudios Superiores de Monterey) interconnected via the Mexican Morelos I and II satellites. In the instant application, UCAR requests authority to modify its license for a 4.6-meter Ku-band domestic fixed satellite earth station at Boulder, Colorado (Call Sign E890529) in order to access all U.S. domestic satellites and the Mexican Morelos I and II satellites.[2] UCAR proposes to use the facility to provide data transmission services between geographically dispersed educational institutions in the United States and Mexico.

6. *American Satellite Company, d / b / a Contel / ASC (Contel / ASC) (File No. CSG - 89 - 063).* Contel/ASC seeks authority to modify a 10-meter C-band domestic earth station facility located at Murphy, Texas (Call Sign KB-25) to add the Anik satellite system as a point of communication for the provision of data communications between Murphy, Texas and Winnipeg, Canada for one of its customers. Contel/ASC has received Section 214 authority to provide the proposed service to Canada.

7. *Ericsson, Inc. (Ericsson) (File No. CSG - 89 - 064 - ML).* Ericsson is a wholly-owned subsidiary of Telfonakibolaget LM Ericsson of Stockholm, Sweden. Ericsson has previously been approved by the Commission as a licensee for private facilities, including fixed microwave stations. Ericsson seeks authority to modify a 4.5-meter Ku-band domestic earth station facility to add Alsat as well as the Morelos I and II satellites as points of communications for the provision of voice and data communications between Richardson, Texas and Mexico.

8. *Outlet Broadcasting, Inc. (Outlet) (File No. CSG - 89 - 079 - ML).* Outlet is a licensee of WCMH-TV, Columbus, Ohio and and has been licensed to construct and operate a private, fixed 10-meter Ku-band transmit/receive satellite earth station (Call Sign E890582) at its studio site in Columbus to transmit video programming to independent and network affiliated broadcast stations, public and private educational institutions and corporate clients throughout the United States. Outlet now seeks authority to modify its domestic earth station license to add Alsat as well as the Anik and Morelos satellite systems as points of communications so that it may transmit programming to, as well as receive programming from, Canada and Mexico.

9. *Washington International Teleport, Inc. (WIT) (File No. CSG - 89 - 104 - ML).* WIT has been authorized to construct and operate an 11-meter C-band transmit/receive domestic earth station (Call Sign E881174) at Bren Mar, Virginia, WIT's teleport facility. WIT now

seeks authority to access all C- band satellites from 70 to 135 degrees West Longitude, including the Canadian Anik satellites, consulted under Article XIV(d) of the INTELSAT Agreement for the provision of transborder services between the U.S. and Canada.

DISCUSSION

10. In 1981, following consultations with the Department of State, the Commission gave initial approval for the use of U.S. domestic satellites for the transmission of certain public international telecommunications services to points within the footprint of those satellites. The Commission determined that domestic satellites could be used for these services where INTELSAT is incapable of providing a service or where it would be clearly uneconomical or impractical to use the INTELSAT system for the service. Based on these criteria, the Commission has authorized over 200 applications for transborder service between the United States and Canada, Mexico, Latin America and the Caribbean locations. In addition, consultations under Article XIV(d) of the INTELSAT Agreement have been successfully completed for the provision of transborder services to several countries. [3]

11. The subject applications request authority to provide services similar to those services previously authorized under the Commission's Transborder policy and consulted under Article XIV(d) of the INTELSAT Agreement. For the most part, the applications involve the modification of domestic earth station licenses to extend existing or planned domestic networks to provide business and video services between the United States and Canada and Mexico using U.S. domestic satellites as well the Anik and Morelos satellites.[4] The remaining application involves a point-to-point link between the U.S. and Canada for Contel/ASC, which has previously been authorized to provide similar service between the U.S. and Canada. Under these circumstances, we conclude that a grant of the subject applications is consistent with the Commission's Transborder policy and consultations completed under Article XIV(d) of the INTELSAT Agreement. The Commission has previously recognized that where the extension of existing domestic business networks is involved, use of the INTELSAT system would be both clearly impractical and uneconomical.[5] Specifically, the Commission has noted that maximum efficiency is gained through use of one satellite to link a customer's numerous business locations simultaneously. Use of the INTELSAT system would require the virtual duplication of a domestic network for each customer that wanted to add Canadian or Mexican business locations to its network. The same considerations also apply to the receive-only video services where the programming is already being transmitted throughout the United States and can be received in transborder locations on an incidental basis with the addition of a small, receive-only earth station for little or no additional cost.[6] In addition, the Commission has found that use of INTELSAT facilities in such circumstances would be an inefficient use of the available radio frequency spectrum. With respect to point-to-point communications between the U.S. and Canada, the Commission has granted applications based on the recognition that such service was not previously provided by INTELSAT but by well-developed terrestrial networks.

12. Accordingly, IT IS ORDERED that the applications of HCSS (File Nos. CSG-89-065-ML, CSG-89-066-ML, CSG-89-067-ML, CSG-89-082-ML, CSG-89-083-ML, CSG-89-084-ML, and CSG-89-085-ML), CDRS (File Nos. CSG-89- 051-ML, CSG-89-052-ML, CSG-89-053-ML and CSG-89-054-ML), UCAR (File No. CSG-89-062-ML), Contel/ASC (File No. CSG-89-063-ML), Ericsson (File No. CSG-89-064-ML), Outlet (File No. CSG-89-079-ML), and WIT (File No. CSG-89- 104-ML), ARE GRANTED and the applicants are authorized to provide the transborder services requested in their applications consistent with Attachments 1 and 2.

13. IT IS FURTHER ORDERED that the license held by HCSS to provide IBS in the AOR (Call Sign KA-66) is HEREBY CANCELLED.

14. IT IS FURTHER ORDERED that the temporary authorization for UCAR is HEREBY CANCELLED and the authorization granted herein is subject to approval of Vitacom's application for consent to assign the license for the Boulder, Colorado earth station to UCAR.

15. This authorization constitutes the final step with respect to the provision of transborder services only insofar as the U.S. regulatory process is concerned. It does not, however, dispense with any requirements that may be imposed by other countries involved.

16. This order shall not be construed as authorizing the distribution of programming where the appropriate copyright clearances have not been obtained.

17. This order is issued under Section 0.291 of the Commission's Rules and is effective upon release. Petitions for reconsideration under Section 1.106 or applications for review under Section 1.15 of the Commission's Rules may be filed within 30 days of public notice of this order (*see* Section 1.4(b)(2)).

FEDERAL COMMUNICATIONS COMMISSION

George S. Li
Chief, International Facilities Division
Common Carrier Bureau

ATTACHMENT 1

U.S. Satellites Consulted Pursuant to Article XIV(d)

Satellites

*FEDEX A
*FEDEX B
GALAXY I
*GALAXY II
GALAXY III
*GALAXY IV
*GALAXY B
GSTAR I
GSTAR II
*GSTAR III
*COMSTAR III
COMSTAR D-4
*COMSAT GEN B
SPACENET I
*SPACENET II
SPACENET III
SATCOM IR
*SATCOM IIR
SATCOM IIIR
SATCOM IV
SATCOM V
SATCOM K-1
*SATCOM K-2
SBS V
SBS I
SBS II
SBS III
**SBS IV
TELSTAR 3A
TELSTAR 302
*TELSTAR 303
CONTEL ASC-I
CONTEL ASC-II
WESTAR IV
WESTAR V
*WESTAR B
*WESTAR (79° W)

* Consulted for Latin America/Caribbean services only. Includes receive-only video programming from the U.S. to Mexico.

** Consulted for Canada and Latin America/Caribbean services only.

ATTACHMENT 2

SUMMARY OF INTELSAT CONSULTATION

Country	Service[s]	Satellite[s]
Anguilla	T.V. and audio receive-only	all Comstar, Satcom, Westar. and Galaxy satellites listed in Attachment 1
Antigua and Barbuda	T.V., audio and data receive-only	all satellites listed in Attachment 1
Bahamas	T.V., audio and data receive-only	all satellites listed in Attachment 1
Barbados	T.V. receive-only	all Galaxy, Satcom and Westar satellites listed in Attachment 1
Belize	T.V., audio and data receive-only	all satellites listed in Attachment 1
Bermuda	T.V. and audio receive-only	all Comstar, Satcom, Westar and Galaxy satellites listed in Attachment 1
British Virgin Islands	T.V. and audio receive-only	all Comstar, Satcom, Westar and Galaxy satellites listed in Attachment 1
Canada	occasional pt.-to-pt. and full time video services and business services (including data and electronic document distribution, video teleconferencing and voice communications)	all satellites listed in Attachment 1 plus ANIK B, C1, C2, C3, D1 and D2
Cayman Islands	T.V. and audio receive-only	all Comstar, Satcom, Westar and Galaxy satellites listed in Attachment 1

Colombia	T.V. receive-only	Galaxy I and III, Satcom IR, IIIR, IV and V, Westar IV, Westar V and Westar (269E)
Costa Rica	T.V. receive-only	all satellites listed in Attachment 1
Dominica	T.V., audio and data receive-only	all satellites listed in Attachment 1
Dominican Republic	T.V., audio and data receive-only	all satellites listed in Attachment 1
El Salvador	T.V. receive-only	all satellites listed in Attachment 1
Grenada	T.V., audio and data receive-only	all satellites listed in Attachment 1
Guatemala	T.V. and audio receive-only	all satellites listed in Attachment 1
Haiti	T.V., audio and data receive-only	all satellites listed in Attachment 1
Honduras	T.V. receive-only	all satellites listed in Attachment 1
Jamaica	T.V., audio and data receive-only (See note 3)	all satellites listed in Attachment 1
Mexico	Full-time and occasional T.V. services, receive-only audio and business services (including data and electronic document distribution, video teleconferencing and voice communications)	all satellites listed in Attachment 1 plus the Morelos I and II satellites
Monsterrat	T.V., and audio receive-only	all Comstar, Satcom, Westar and Galaxy satellites listed in Attachment 1
Netherlands Antilles	T.V. receive-only	Galaxy I, Satcom III-R and IV,

		Westar IV and V and Comstar D4
Panama	T.V., audio and data receive-only	all satellites listed in Attachment 1
St. Christopher-Nevis	T.V., audio and data receive-only	all satellites listed in Attachment 1
St. Lucia	T.V., audio and data receive-only	all satellites listed in Attachment 1
St. Vincent and the Grenadines	T.V., audio and data receive-only	all satellites listed in Attachment 1
Trinidad and Tobago	T.V. receive-only	all Galaxy, Satcom, Westar and Comstar satellites listed in Attachment 1
Turks & Caicos	T.V. and audio receive-only	all Comstar, Satcom, Westar and Galaxy satellites listed in Attachment 1
Venezuela	T.V. receive-only	all satellites listed in Attachment 1

Notes

1) With the exception of Mexico and Canada, which were consulted separately, all services (i.e. T.V., audio and data receive-only) can be provided to any point over any of the satellites listed in Attachment 1 even through only certain services and satellites were initially requested. This can be accomplished through notifying INTELSAT with no additional consultation required.

2) Attachment 1 contains only those satellites that have been technically consulted with INTELSAT.

3) All services authorized to Latin American/Caribbean locations are receive-only (i.e. can be received as a by-product of or incidental to U.S. domestic transmissions).

FOOTNOTES

[1] HCSS has requested that its blanket VSAT authorization be expanded to include Alaska and Hawaii.

[2] The application to construct and operate the subject earth station was originally authorized to Vitacom. Prior to receiving final authorization, Vitacom was granted temporary authority (CSG-89-062-ML/T-1) on April 14, 1989 to construct and operate the Boulder, Colorado earth station to provide transborder service between the U.S. and Mexico to UCAR. On June 8, 1989, Vitacom filed an application for consent to assign its license for the Boulder, Colorado earth station to UCAR. On June 9, 1989, the Commission modified its previous grant of temporary authority to Vitacom to specify UCAR as the temporary permittee in place of Vitacom. That application is pending in the Commission's Satellite Radio Branch. Our action herein in modifying the license for the Boulder, Colorado earth station in UCAR's name is conditioned on final approval of the assignment of the earth station license from Vitacom to UCAR.

[3] *See* Attachments 1 and 2.

[4] The HCSS applications also request authority to use VSAT networks to provide high-speed data, one-way video and digitized voice transmissions to or from Latin America and Caribbean countries. Although the term one-way is used in connection with video and digitized voice transmissions and not high-speed data, we note that existing consultations under Article XIV(d) of the INTELSAT Agreement cover only one-way, receive-only video, data and audio services from the U.S. to Latin American/Caribbean locations. Also, under existing Article XIV(d) consultations, no service originating in Latin American/Caribbean locations is permitted. Thus, HCSS' authorization is limited to the provision of those services that are consistent with existing INTELSAT consultations.

[5] Satellite Business Systems, 88 FCC 2d 195 (1981).

[6] Transborder Satellite Video Services, 88 FCC 2d 258 (1981). The same considerations are applicable where Canadian and Mexican domestic video services are received in the U.S.

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

File No. I-T-C-89-108

Application for authority to make available facilities in the TAT-8 and HAW 4/TPC 3 cable systems.

ORDER AND AUTHORIZATION

Adopted: June 30, 1989; **Released: July 19, 1989**

By the Chief, International Facilities Division:

1. The above-captioned application, filed on May 10, 1989 by American Telephone and Telegraph Company (AT&T) requests authority pursuant to Section 214 of the Communications Act of 1934, as amended, to make available Minimum Assignable Units of Ownership (MAUO's) in the TAT-8 and HAW-4/TPC-3 Cable systems. The TAT-8 facilities will be made available to AT&T's correspondent in Japan (KDD). The HAW-4/TPC-3 facilities will be made available to AT&T's correspondents in Austria (Austria PTT), the Netherlands (Netherlands PTT) and Switzerland (Swiss PTT). The application was placed on public notice on May 17, 1989. No comments were received. Upon consideration of the application, we find that grant of the application is required by the public convenience and necessity.

2. Accordingly, IT IS ORDERED that application File No. I-T-C-89-108 IS GRANTED, and AT&T is authorized to (a) make available to KDD by IRU a one-half interest in MAUO's in the TAT-8 cable system as set forth in the Appendix hereto; and (b) make available to the Austria PTT, Netherlands PTT and Swiss PTT by IRU a one-half interest in MAUO's in the HAW-4/TPC-3 cable system as set forth in the Appendix hereto.

3. No substantial changes inconsistent with this or any other relevant Commission order shall be made before final execution of IRU agreements between AT&T and its correspondents, and copies of the agreements shall be filed with the Commission within 30 days of their execution.

4. This order is issued under Section 0.291 of the Commission's Rules and is effective upon release. Petitions for reconsideration under Section 1.106 or applications for review under Section 1.115 of the Commission's Rules may be filed within 30 days of the date of public notice of this order (*see* Section 1.4(b)(2)).

FEDERAL COMMUNICATIONS COMMISSION

George S. Li
Chief, International Facilities Division
Common Carrier Bureau

APPENDIX

Source	For Use With	Half-Interests In MAUO's	Cable Segments
TAT-8			
AT&T/AUSTRIA	KDD/AUSTRIA	4	Tuckerton, New Jersey - Penmarch, France
AT&T/FRANCE	KDD/FRANCE	30	Tuckerton, New Jersey - Penmarch, France
AT&T/GERMANY	KDD/GERMANY	30	Tuckerton, New Jersey - Widemouth, England
AT&T/GERMANY	KDD/GERMANY	39	Tuckerton, New Jersey - Penmarch, France
AT&T/NETHERLANDS	KDD/NETHERLANDS	30	Tuckerton, New Jersey - Penmarch, France
AT&T/SWEDEN	KDD/BT	90	Tuckerton, New Jersey - Widemouth, England
AT&T/SWEDEN	KDD/BT	30	Tuckerton, New Jersey - Penmarch, France
AT&T/SWITZERLAND	KDD/SWITZERLAND	17	Tuckerton, New Jersey - Penmarch, France
	TOTAL	270	
HAW-4/TPC-3			
AT&T/ITDC	AUSTRIA/ITDC	2	Mainland-Hawaii/Hawaii-Guam
AT&T/KDD	AUSTRIA/KDD	4	Mainland-Hawaii/Hawaii-Japa
AT&T/KTA	AUSTRIA/KTA	2	Mainland-Hawaii/Hawaii-Japa
AT&T/PLDT	AUSTRIA/PLDT	2	Mainland-Hawaii/Hawaii-Guam
AT&T/KDD	NETHERLANDS/KDD	30	Mainland-Hawaii/Hawaii-Japa
AT&T/KDD	SWITZERLAND/KDD	17	Mainland-Hawaii/Hawaii-Japa
AT&T/KTA	SWITZERLAND/KTA	7	Mainland-Hawaii/Hawaii-Japa
AT&T/PLDT	SWITZERLAND/PLDT	1	Mainland-Hawaii/Hawaii-Guam
	TOTAL	65	

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

AMERICAN TELEPHONE AND TELEGRAPH COMPANY — File No. I-T-C-89-111

Application for authority to acquire and operate 40 Digital Circuit Multiplication System (DCMS) terminals for provision of service to various overseas points.

ORDER AND AUTHORIZATION

Adopted: June 30, 1989; Released: July 19, 1989

By the Chief, International Facilities Division:

1. The above-captioned application filed on May 12, 1989 by American Telephone and Telegraph Company (AT&T), requests authority pursuant to Section 214 of the Communications Act of 1934, as amended, to acquire and operate 40 DCMS terminals for use in deriving additional cable and satellite circuits for service to various overseas points. The application was placed on public notice on May 24, 1989. No comments were received. Upon consideration of the application, we find that authorization of the requested facilities and services is required by the public convenience and necessity.

2. Accordingly, IT IS ORDERED that Application File No. I-T-C-89-111 IS GRANTED, and AT&T is authorized to: (a) acquire, install and operate 40 DCMS terminals; and (b) use said facilities, in conjunction with companion terminals, to provide AT&T's regularly authorized services between the U.S. and the points listed in the Appendix and beyond.

3. This order is issued under Section 0.291 of the Commission's Rules and is effective upon release. Petitions for reconsideration under Section 1.106 or applications for review under Section 1.115 of the Commission's Rules may be filed within 30 days of the date of public notice of this order (*see* Section 1.4(b)(2)).

FEDERAL COMMUNICATIONS COMMISSION

George S. Li
Chief, International Facilities Division
Common Carrier Bureau

APPENDIX

No. of DCMS Terminals

Country	TAT-8 Cable Circuits
Bulgaria	1
Ireland	1
West Germany	5
Sub-Total	7
	Satellite TDMA/IDR
Aruba	1
Austria	1
China	1
Dominican Republic	3
Hong Kong	1
Israel	1
Jamaica	2
Singapore	2
Taiwan	1
Trinidad	1
West Germany	7
Sub-Total	21
	HAW-4/TPC-3 Cable Circuits
Austria	3
Japan	2
New Zealand	1
Philippines	4
Taiwan	2
Sub-Total	12
Grand Total	40

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

CONTEL FEDERAL SYSTEMS, INCORPORATED — File No. CSG-89-081-ML

Application for authority to add additional frequencies for use at the Hicham, Hawaii earth station (KA 43).

ORDER AND AUTHORIZATION

Adopted: June 30, 1989; Released: July 19, 1989

By the Chief, International Facilities Division:

1. The above-captioned application filed on April 25, 1989, by Contel Federal Systems, Inc. (Contel), requests modification of the Commission's Memorandum Opinion, Order and Authorization released April 5, 1983 (File No. CSG-83-023-P/L *et. al)*. The Order authorized Contel (formerly American Satellite Co.), *inter alia*, to construct and operate international earth station facilities at Hickam Air Force Base, Hawaii, for provision of 1.544 Mbps Single-Channel-Per-Carrier (SCPC) service to the U.S. Government. Contel now requests the following additional frequencies: 5925.0-5966.3, 6057.6-6084.9, 6116.9-6140.2 and 6180.2-6425.0 MHz transmitting frequency bands, and the entire 3700-4200 MHz receiving frequency bands. All necessary frequency coordination has been completed. The application was placed on public notice on May 10, 1989. No comments were received.

2. Contel proposes to operate its existing 13-meter Harris Model 5270 antenna for the provision of a 1.544 Mbps SCPC channel through POR satellites located between 180^0-187^0 East Longitude. The additional frequencies are necessary to accomodate the U.S. Government need for a 1.544 Mbps secure line.

3. Upon consideration of the application, we find that authorization of the additional frequencies is required by the public convenience and necessity.

4. Accordingly, IT IS ORDERED that Application File No. CSG-89-081-ML IS GRANTED, and the Commission's referenced Order (Mimeo No. 3302), released April 5, 1983, is modified to allow Contel to add the additional frequencies set forth in paragraph 1 above for the provision of a 1.544 Mbps SCPC channel.

5. All terms and conditions of the Commission's referenced Order released April 5, 1983, remain the same.

6. Special Temporary Authority granted May 9, 1989, is hereby terminated.

7. This order is issued under Section 0.291 of the Commission's Rules and is effective upon release. Petitions for reconsideration under Section 1.106 or applications for review under Section 1.115 of the Commission's Rules may be filed within 30 days of the date of public notice of this order (*see* Section 1.4(b)(2)).

FEDERAL COMMUNICATIONS COMMISSION

George S. Li
Chief, International Facilities Division
Common Carrier Bureau

Before the
Federal Communications Commission
Washington, D.C. 20554

In re

Revisions to the Average
Schedules Proposed by NECA
on October 3, 1988

ORDER

Adopted: July 6, 1989; Released: July 7, 1989

By the Chief, Common Carrier Bureau:

1. In an order released March 31, 1989, the Chief, Common Carrier Bureau approved revisions to the average schedules that became effective April 1, 1989.[1] On June 14, 1989, the Consolidated Telephone Company ("Consolidated") filed a petition for reconsideration of that order. On June 27, 1989, NECA filed opposing comments to Consolidated's reconsideration petition that were received by Consolidated's attorneys on June 30, 1989.[2]

2. On July 5, 1989, Consolidated filed a motion requesting that the deadline for filing its reply to NECA's opposing comments be extended from July 7, 1989 to July 17, 1989. In support of this request, Consolidated's attorneys state that Consolidated's principals were not able to examine NECA's opposition until July 5 because of the July 4 holiday. After examining NECA's filing, Consolidated realized that NECA's opposition contained new tables that would require additional analysis and that many of the personnel who "would normally perform such analysis remain out of the office during the rest of this week."

3. Section 1.46 of the Commission's rules, 47 C.F.R. § 1.46, states that motions for extension of time must be filed at least seven days before the pleadings are due. Moreover, § 1.46(a) states that it is the policy of the Commission that extensions of time shall not be routinely granted. In this instance, Consolidated filed its motion on the evening of July 5, only two days before July 7. Fairness to other parties to this proceeding requires that all parties receive adequate notice of, and have a proper opportunity to object to, motions for extensions of time. To do otherwise would affect the rights of other parties who may reasonably rely upon the procedural rules that have been adopted by this Commission. Consolidated's motion for extension of time is, therefore, denied. This denial, however, is without prejudice to, and does not foreclose consideration of, a subsequent motion by Consolidated that requests acceptance of a late filed reply to NECA's opposing comments that is properly served upon all parties.

4. Accordingly, IT IS ORDERED that the Motion for Extension of Time filed by the Consolidated Telephone Company IS DENIED.

FEDERAL COMMUNICATIONS COMMISSION

Gerald Brock
Chief, Common Carrier Bureau

FOOTNOTES

[1] Memorandum Opinion and Order In re Revisions to the Average Schedules Proposed by NECA on October 3, 1988, DA 89-353 (released Mar. 31, 1989).

[2] Motion for Extension of Time by the Consolidated Telephone Company (July 5, 1989) at 2.

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

FTC COMMUNICATIONS, INC. File No. I-S-P-89-003

Petition for Declaratory Ruling

MEMORANDUM OPINION AND ORDER

Adopted: July 11, 1989; Released: July 13, 1989

By the Chief, Common Carrier Bureau:

I. INTRODUCTION

1. On March 9, 1989 FTC Communications, Inc. (FTCC) filed a petition for a declaratory ruling that, pursuant to a proposed change in ownership structure, FTCC would be classified as a non-dominant carrier under the Commission's international competitive carrier policies. Pan American Satellite (PAS) opposed the petition. Telenet Communications Corporation (Telenet), on behalf of itself and its subsidiary Consortium Communications International, Inc. (CCI), filed comments.

II. BACKGROUND

A. *International Competitive Carrier*

2. In the *International Competitive Carrier* proceeding,[1] the Commission determined that it should make a distinction between dominant and non-dominant carriers in the international telecommunications market and streamline the regulation of non-dominant carriers in their provision of international common carrier services.[2] The Commission concluded that it would consider a firm to be dominant if it has market power, and listed factors it would consider in any determination of market power, such as market share, control of bottleneck facilities, rate of return, and actual or potential competition. The Commission also concluded that international communications properly are divided into international message telecommunications services (IMTS) and non-IMTS product markets. [3] The Commission also concluded that each country represents a separate geographic market and that generally no carrier would be considered dominant for non-IMTS and only AT&T and certain carriers providing international service for noncontiguous domestic points would be considered dominant for IMTS.

3. The Commission also concluded that foreign-owned carriers should be considered to have market power and therefore would be considered dominant for all services to all countries. Moreover, the Commission concluded that for purposes of the international competitive carrier policies a foreign-owned carrier would be defined as a carrier that is over 15 percent directly or indirectly owned by a foreign telecommunications entity or on whose board of directors an employee, agent or representative of a foreign telecommunications entity sits. The Commission also included a provision, however, for the grant of waivers of dominant status for good public policy reasons, such as where foreign investments are large but passive, but noted that it also might impose dominant carrier status where debt holdings or small equity investments are below the threshold ownership requirements, but are not passive.[4]

4. Subsequently, the Commission specifically determined that FTCC, as a result of the 19.9 percent foreign ownership of France Cables et Radio (FCR), must comply with the international competitive carrier rules applicable to dominant carriers in their provision of international common carrier services.[5] In early 1987, FTCC issued additional stock to its majority investor, National Gateway Telecom, Inc. (NGT), a wholly-owned subsidiary of Pacific Telecom, Inc. (PTI), both U.S. companies, which reduced the French government's ownership interest in FTCC to 14.9 percent. However, the French government, through FCR, retained its representative on FTCC's board of directors.

B. *Previous FTCC Petitions for Non - Dominant Status*

1. *July 1987 Petition*

5. On July 22, 1987, FTCC filed a petition seeking a waiver of the Commission's international competitive carrier policies. FTCC asserted that FCR's recent reduction in ownership interest to 14.9 percent should satisfy the Commission's concerns with respect to foreign ownership. TRT Telecommunications Corp. (TRT) opposed FTCC's petition.

6. On December 14, 1987, the Common Carrier Bureau denied FTCC's July 1987 waiver petition.[6] The Bureau concluded that FTCC had not demonstrated good public policy reasons for waiving the Commission's international competitive carrier policies declaring foreign-owned carriers to be dominant in their provision of international common carrier services.[7] The Bureau concluded that, contrary to FTCC's assertion, FTCC had not shown that the French government's investment in FTCC was passive,[8] because the French government, through its wholly-owned subsidiary, maintained an active role in FTCC's affairs through representation on the carrier's board of directors.[9] The Bureau also found that FTCC had not shown that the French government lacked the incentive and ability to grant less favorable treatment to the competitors of the carrier in which it held an active investment interest and concluded that, in the absence of such showing, FTCC had not demonstrated that the Commission's concerns about market distortions and lack of reciprocity that may occur due to foreign-owned carriers operating in concert with their parent organizations would or could not occur in that instance. Thus, we determined that FTCC had not shown that there were other good public policy reasons for waiving the Commission's foreign ownership policy, and ordered that FTCC would continue to be classified as dominant in its provision of international services absent an express determination by the Commission that it is non-dominant.

2. *Subsequent Petitions*

7. On January 5, 1988, FTCC filed a petition asking the Commission to review the Bureau's decision denying its July 1987 waiver petition. On March 29, 1988, FTCC

filed both a motion to hold its petition for review in abeyance and a second petition for waiver of the Commission's *International Competitive Carrier* policies. FTCC proposed to increase FTCC's board of directors from five to seven members, limit FTCC's foreign investor to one director and hold these numbers static until FTCC gave the Commission at least 30 days' notice of any proposed change. TRT, Pan American Satellite (PAS) and MCI International, Inc. (MCII) opposed FTCC's second waiver petition. On January 5, 1989, FTCC asked the Commission to dismiss its petition for review and its second waiver petition. On January 19, 1989, the Common Carrier Bureau granted FTCC's request[10] for dismissal of its pleadings.[11]

III. SUMMARY OF PLEADINGS

A. *FTCC Petition for Declaratory Ruling*

8. On March 9, 1989, FTCC filed a petition seeking a declaratory ruling that, following a proposed change in ownership structure, FTCC would be classified as a non-dominant carrier under the Commission's international competitive carrier policies. FTCC adds that in its view classification as a non-dominant carrier would relieve FTCC of all regulatory requirements specifically applicable to dominant carriers.

9. FTCC states that NGT, a wholly-owned subsidiary of PTI, both U.S. companies, currently holds 85.1 percent of FTCC's stock and elects four of five representatives to FTCC's board of directors. It also notes that FCR, through its wholly-owned Delaware subsidiary, FCR Holdings, Inc., holds 14.9 percent of FTCC's stock and elects one of the five directors to FTCC's board. FTCC explains that PTI, the owner of NGT, has entered into an agreement with FCR to restructure FCR's interest in FTCC and certain affiliates of FTCC. Under the agreement, FCR will no longer hold a 14.9 percent interest in FTCC and no longer will be allowed to elect a representative to FTCC's board of directors,[12] but, through its wholly-owned subsidiary FCR Holdings, Inc. will hold a 14.9 percent interest in, and elect one of five directors to, a new holding company, ICC Communications Holdings, Inc. (ICH). FTCC adds that the new holding company will wholly own FTCC, NGT, and International Communications, Inc. (ICC), currently a wholly-owned subsidiary of PTI that, in turn, wholly owns TRT Communications Inc. (TRT).[13] Moreover, FTCC states that PTI will hold an 85.1 percent interest in ICH and thus in each of the holding company's wholly-owned subsidiaries, including FTCC, and that PTI will elect all but one of the ICH directors, whose number cannot decrease below five members. FTCC also makes it clear that there will be no foreign representative on the boards of FTCC, TRT or NGT.

10. FTCC asserts that the proposed ownership structure meets the guidelines for non-dominant status established by the Commission in *International Competitive Carrier*, because foreign ownership in FTCC will be below 15 percent and there will be no participation by a foreign telecommunications entity on FTCC's board of directors. FTCC also asserts that FCR's interests at the holding company level will be far removed from FTCC's daily operations, and that the shareholders' agreement for ICH expressly will provide that FCR Holdings, Inc., and therefore FCR, will not be permitted to take any action that will result in any regulated subsidiary of the new holding company being classified as a dominant carrier. It claims that FCR thus is expressly prohibited from actively participating in the management and operation of FTCC or any other regulated subsidiary, and that its indirect interest in FTCC is passive. FTCC further asserts that, following the corporate reorganization, FTCC and TRT will be similarly situated and that the Commission therefore should also continue to apply the non-dominant classification to TRT.

11. Moreover, FTCC also argues that it is entitled to non-dominant status in its provision of international common carrier services to all points, and that there is no basis for restricting FTCC's status as a non- dominant carrier to particular countries or maintaining any extraordinary conditions on FTCC's operations. In this regard, FTCC observes that the Commission recently granted US Sprint Section 214 authority to serve the Federal Republic of Germany (FRG) subject to dominant carrier-like conditions because the FRG sought to designate US Sprint as a "common gateway" carrier.[14] FTCC states that, in contrast to US Sprint, it has no such special arrangement with any foreign administration. It notes that it became successor in interest to an operating agreement between France and Argo Communications International, pursuant to which Argo served as a gateway for other U.S. carriers serving France. It claims, however, that no single company now serves as a gateway for all carriers serving France.

12. Finally, FTCC asserts that the Commission's objective to achieve reciprocity with respect to other carriers, such as U.S. separate satellite systems, would not be served by continued classification of FTCC as a dominant carrier. It observes that France has further opened its international telecommunications markets, citing France Telecom's recent agreement to initiate consultations with INTELSAT for provision of certain international telecommunications services over PanAmSat.

B. *PAS Opposition*

13. PAS opposes FTCC's petition. PAS believes that the Commission's reciprocity policies require that FTCC continue to be regulated as a dominant carrier. PAS asserts that the Commission's reciprocity policies were a substantial contributing factor in the French government's decision to participate in the INTELSAT consultation. PAS urges the Commission to leave itself in the position to encourage further expansion by retaining adequate oversight over the activities of France Telecom in the U.S. through FTCC's classification as a dominant carrier.[15] PAS also asserts that directors at the parent company level have a substantial role in corporate governance at the subsidiary level.[16] It claims that the Commission should reject FTCC's assertions that the FCR director would serve in a "passive" capacity. It argues that FCR's representatives will influence the operations of FTCC, noting that FTCC has acknowledged that the "FCR-nominated member of the new holding company board will have . . . [up to] 20% of the votes which will determine how the new holding company votes its shares to elect Directors of FTCC." PAS claims that this voting authority is precisely the kind of influence that the Commission envisioned when it decided to apply dominant carrier regulation to foreign-owned carriers.

C. *Telenet and CCI Comments*

14. In jointly filed comments, Telenet Communications Corporation (Telenet) and Consortium Communications International, Inc. (CCI) state that they are competitors to FTCC in the provision of telex and packet switching services. Telenet and CCI assert that, contrary to FTCC's claims, the proposed corporate reorganization does not decrease foreign ownership in FTCC or the French government's participation in FTCC's operations, but rather expands the direct involvement of the French government in the ownership and operation of FTCC and Pacific Telecom's other communications subsidiaries. They suggest that ICH's only purpose appears to be that of a holding company, without employees, licenses or real business, simply to create another corporate layer so that, on paper, the ownership interest of FCR is one step further removed from FTCC. They claim that the Commission's international competitive carrier policies would be subverted if a foreign government could increase its financial interest in a U.S. carrier, set up a "middleman" corporation to create another layer of indirect control, and thereafter have its U.S. carrier declared to be non-dominant. Moreover, they assert that FTCC's petition does not demonstrate that the French government's investment in FTCC, TRT and NGT is passive. They observe that the French government's ownership of Argo and FTCC historically has not been passive and that the French government's investment will increase under the proposed reorganization. Thus, Telenet and CCI claim that, under the proposed reorganizational structure, FTCC, TRT and NGT all should be declared dominant in their provision of international common carrier services.

D. *FTCC Reply*

15. In reply to the PAS, Telenet and CCI oppositions, FTCC responds that, under the proposed corporate reorganization, FTCC no longer will meet the threshold criteria for classification as a foreign-owned carrier. It states that the French government's stock ownership will remain below 15 percent and that no employee, agent or respresentative of the French government will sit on FTCC's board. It denies that the French government will participate in any way in the management of the affairs of FTCC or its board. It points to the shareholder agreement that prohibits the French government from taking any action that would result in FTCC's classification as a dominant carrier. Thus, it asserts that the foreign-ownership standard that currently exists and the specific facts relating to attenuation and insulation of foreign interests require the Commission to find that FTCC qualifies for non-dominant status. FTCC further asserts that there are no market circumstances that require the Commission to treat FTCC as a dominant carrier, noting that significant progress has been made in opening the French market to competition. Finally, FTCC claims that neither TRT nor NGT should be classified as dominant carriers.

IV. DISCUSSION

16. The Commission's current regulations for the provision of common carrier services to or from the United States, which were adopted in the *International Competitive Carrier* proceeding, seek to address traditional regulatory concerns with regard to the possible exercise of market power by one or more carriers in the international telecommunications services marketplace.[17] The Commission made it clear that the decision to reduce or "streamline" regulation of a given common carrier should be based on whether that carrier has market power as evidenced by such factors as market share, control of bottleneck facilities and actual or potential competition. Moreover, the Commission addressed, for the first time, whether carriers owned by foreign telecommunications entities have market power. Specifically, the Commission made clear its concern that foreign telecommunications entities could favor the U.S. carriers in which they held a financial interest and, operating in concert with their foreign-owned carriers, would have the ability and incentive to deny market entry,[18] and to distort markets through discrimination or unequal interconnection. As a result, the Commission concluded that all foreign-owned carriers would be dominant for all services to all foreign points. The Commission determined that a carrier that is more than 15 percent-owned, directly or indirectly, by a foreign telecommunications entity, or on whose board of directors, an agent, representative or employee of the foreign telecommunications entity sits, would be considered foreign- owned for the purposes of implementing the Commission's international competitive carrier policies. The Commission recognized, however, that large investments may be passive and that in these instances, or for other good public policy reasons, waivers from this policy could be granted.[19] The Commission made it clear that it would address such waiver requests on a carrier-by-carrier or country-by-country basis.

17. In this Order, we conclude that the proposed ownership structure of FTCC and our assessment of the international telecommunications marketplace permits us to reclassify FTCC as a non-dominant carrier for the provision of all international telecommunications services to all foreign points, with the exception of France. Therefore, we grant FTCC's request in part and deny it in part.

18. Under the new ownership structure of FTCC, FCR, which is considered a foreign telecommunications entity under the Commission's Rules, will hold an indirect interest in FTCC that is below the 15 percent threshold established in the *International Competitive Carrier* proceeding. Moreover, under the new ownership structure of FTCC, FCR will not have a representative on FTCC's Board of Directors. Therefore, under the definition provided for in the *International Competitive Carrier* proceeding, strictly speaking FTCC should no longer be considered a foreign-owned carrier.

19. We recognize, however, that the Commission provided that we could determine whether a carrier should continue to be considered dominant on an ad hoc country-by-country basis. In this instance, we note that Pacific Telecom and FTCC have specifically provided for mechanisms that seek to attenuate the participation of FCR in FTCC's affairs.[20] In addition, there appears to be nothing in FTCC's articles of incorporation or bylaws that would indicate an ability on the part of FCR to engage in cumulative voting to guarantee election of an FCR representative to one of the five FTCC board slots. Therefore, based on the record in this proceeding, we do not believe it would be appropriate to construe the FCR representation on the holding company to be the equivalent of foreign telecommunications entity representation on FTCC's board of directors. Therefore, given the evidence before us, we do not believe that the presence of an FCR representative director on the board of directors of the holding company, ICH, alone should result in FTCC's

classification as a foreign-owned and, consequently, dominant carrier in its provision of international common carrier services.

20. As the Commission stated, however, there are a variety of factors that should be used to determine whether a firm possesses market power and should be considered dominant. The Commission stated that factors that may be indicators of such power include marketpower, rate of return, control of facilities, and actual or potential competition.

21. In this context, we note that FTCC has very small shares of various international telecommunications services markets.[21] Moreover, we have been encouraged by the recent French efforts to permit greater competition in international telecommunications services market through the provision of certain services over PAS to France and to move towards a more cost-based accounting rate structure with U.S. carriers.[22] These French actions are positive initial steps toward attainment of the Commission's policy objectives of bringing the benefits of competition to the international telecommunications market. Furthermore, given the proposed organizational structure for FTCC and its affiliates, they provide sound additional public policy reasons for reassessing our decision to hold FTCC dominant in its provision of international common carrier service to all points.

22. We continue to be concerned, however, with the potential implications of FTCC's "exclusive gateway" arrangement with France Telecom and, as a result, we believe it is appropriate to continue to classify FTCC as dominant in its provision of common carrier services to France. Under the FTCC-France Telecom arrangement, for example, a U.S. carrier seeking to acquire an operating agreement for the provision of switched voice service with France must route all traffic through FTCC until the carrier's traffic reaches a certain level. In similar circumstances -- that is, in the context of the US Sprint Section 214 application to initiate service to the Federal Republic of Germany (F.R.G.) under a so-called "common gateway" arrangement with the Deutsche Bundespost[23] -- FTCC itself stated that "[t]he operator of the gateway will control the bottleneck facility" and "would be able to discriminate in favor of its own IMTS services in ways that might be blatant or subtle."[24] As a result of FTCC's comments and the comments of other competing carriers, we granted US Sprint's application subject to the condition that the rates and terms of US Sprint's provision of service to its competitors meet the standards that we apply to the access filings of dominant carriers.[25]

23. Therefore, in light of the FTCC-France Telecom "gateway" arrangement, past Commission practice, and the current confidential status[26] of FTCC's contract filing,[27] we are unable to conclude that FTCC should be considered non-dominant for its provision of switched voice services between the U.S. and France. Moreover, in order to be consistent with our treatment of other carriers granted so-called "gateway" facilities, we will condition our grant of FTCC's petition on the amendment of FTCC's existing Section 214 grant[28] to include the conditions that we placed on US Sprint's authorization to the FRG.[29]

24. Finally, while we conclude that it is necessary to continue to classify FTCC as dominant in its provision of service to France, we do not believe, based on the facts currently before us, that we also must treat TRT and NGT as dominant carriers, either generally or for the French market. We do not believe there is sufficient evidence on the record before us to require dominant status for these carriers as a result of FCR's indirect ownership interest or based on any other factor, such operation of a bottleneck facility to France. We note, however, that these carriers, like FTCC, will have the duty to file Section 43.51 reports setting forth their carrier-to-carrier agreements,[30] including their operating arrangements with FTCC or France Telecom, in a timely manner with this Commission.[31] We intend to monitor these filings and provide full opportunity for public comment. If these filings should demonstrate a need to reconsider our action today, we retain the authority to do so on our own motion or at the request of another party.[32]

V. ORDERING CLAUSES

25. Accordingly, IT IS ORDERED that the petition of FTC Communications, Inc., F.C.C. File No. I-S-P-89-003, for a ruling that FTCC would be classified as a non-dominant carrier under the Commission's international competitive carrier policies after a proposed change in ownership structure, IS GRANTED to the extent discussed above and IS OTHERWISE DENIED.

26. IT IS FURTHER ORDERED that FTCC IS CLASSIFIED AS NON-DOMINANT in its provision of all international services to all points, EXCEPT that it remains classified as dominant in its provision of all common carrier services with France.

27. IT IS FURTHER ORDERED that any Section 214 authorizations previously granted to FTCC for the provision of international common carrier services, with the exception of service to France, ARE HEREBY AMENDED as necessary to eliminate the conditions imposed on FTCC solely as a result of its status as a dominant carrier under paragraphs 72-73 and footnotes 74- 76 of the Commission's decision in *International Competitive Carrier*,[33] and to condition FTCC's provision of service to France on the terms and conditions discussed in paras. 22-23 above.

28. IT IS FURTHER ORDERED that the oppositions of PAS, Telenet and CCI ARE GRANTED to the extent discussed above and OTHERWISE DENIED.

29. This order is issued under Section 0.291 of the Commission's Rules and will be effective ten business days after the receipt of notification from FTCC that the proposed transaction has been completed. Petitions for reconsideration under Section 1.106 and applications for review under Section 1.115 of the Commission's Rules may be filed within 30 days of public notice of this order (*see* Section 1.4(b)(2)).

FEDERAL COMMUNICATIONS COMMISSION

Gerald Brock
Chief, Common Carrier Bureau

FOOTNOTES

[1] 102 F.C.C. 2d 812 (1985) *recon. denied* 60 Rad. Reg. 2d (P&F) 1435 (1986).

[2] This streamlining includes a presumption that the tariffs of non-dominant carriers are lawful, a reduction in notice requirements before the tariffs can take effect, and removal of the requirement for economic and cost support data. Streamlined treatment also reduces facilities certification requirements for non-dominant carriers.

[3] The Commission found exceptions to this general market division for INTELSAT space segment, multi-purpose earth station services and television services, which it defined individually as separate product markets, and it concluded that Comsat was dominant in its provision of these three types of services.

[4] In addition, the Commission determined that it would impose certain filing requirements and would consider conditioning specific Section 214 certifications to carriers owned by foreign telecommunications entities on an ad hoc basis. 102 F.C.C. 2d at 842. The Commission clarified the definition of foreign telecommunications entities in *Regulatory Policies and International Telecommunications, Report and Order and Supplemental Notice of Inquiry*, CC Docket No. 86-494, FCC 88-71 (released March 25, 1988) at n.74. It stated therein that foreign telecommunications entities include telecommunications and telecommunications-related equipment manufacturers, equipment suppliers and service providers.

[5] *See* , *e. g.*, December 28, 1986 letter to Roger P. Newell, Counsel for FTCC, from the Chief, Common Carrier Bureau, in F.C.C. File No. ENF-87-4.

[6] FTC Communications, Inc., 2 FCC Rcd 7513 (1987).

[7] *Id.* at 7514.

[8] *See supra* para. 4.

[9] FCR elects one of five FTCC directors.

[10] *See* January 19, 1989 letter from Chief, Common Carrier Bureau to Roger P. Newell, Counsel for FTCC, F.C.C. File Nos. I-S-P-87-005, I-S-P-88-005.

[11] By virtue of its classification as a foreign-owned carrier under the Commission's decision in *International Competitive Carrier*, FTCC is also expressly subject to Section 43.81 of the Commission's Rules. *See Regulatory Policies and International Telecommunications, Order on Reconsideration*, CC Docket No. 86-494, FCC 88-405 (released January 4, 1989).

[12] FTCC's bylaws will be amended to prohibit any foreign representation on its board.

[13] FCR also will make an additional cash investment to cover its acquisition of the 14.9 percent interest in TRT and NGT. ICC initially will continue to wholly own TRT, although the two companies may be merged in the future.

[14] *See* US Sprint Communications Company, 3 FCC Rcd 1484 (1988).

[15] PAS cites two recent orders conditioning the grant of Section 214 authorizations to FTCC to ensure regulatory oversight of FTCC's provision of IMTS services on a resale basis. *See* FTC Communications, Inc., 4 FCC Rcd 1396 (1989) and 4 FCC Rcd 1283 (1989).

[16] PAS cites the *Multiple Ownership Rules*, 55 Rad. Reg. 2d (P&F) 1465, 1487 (1984) *on recon.* 58 Rad. Reg. 2d (P&F) 604 (1985) *on further recon.* 1 FCC Rcd 802 (1986). PAS also cites *FTC Communications, Inc.*, 2 FCC Rcd 7513, 7516 n.20.

[17] *See supra* n.1.

[18] The Commission noted that perhaps the most significant entry barrier in international telecommunications is the need to obtain an operating agreement before providing a particular service to a particular country. *See* International Competitive Carrier *supra* note 1 at 826-7.

[19] In addition, the Commission noted that some small equity investments might not be passive and therefore could warrant the imposition of dominant carrier status even if the foreign ownership levels provided for were not met.

[20] For example, the IHC shareholder agreement prohibits FCR from taking any action that would result in FTCC's classification as a dominant carrier. Moreover, the FCR representation on the board of the holding company is limited to one director on a board that cannot decrease below five members.

[21] *See* Trends in the International Telecommunications Industry 1975-1987 (Industry Analysis Division, F.C.C., October 1988).

[22] Specifically, France Telecom has agreed to lower the accounting rate for sharing revenues and settling accounts for the provision of switched voice services between the United States and France from 1.4 (special drawing rights) (SDR) to 1.2 SDR. *See* January 11, 1989 letter from David J. Ritchie, General Attorney, AT&T to Donna Searcy, Secretary, FCC. The SDR is a monetary unit created by the International Monetary Find (IMF). It has a floating value based on a weighted average of several currencies, including the U.S. dollar.

[23] As a result of this "gateway" arrangement, FTCC petitioned for an order pursuant to Section 201 of the Communications Act of 1934, as amended, to compel US Sprint to provide interconnection to other carriers on just and reasonable terms and conditions. 3 FCC Rcd 1484 (1988). In addition, TRT opposed US Sprint's application alleging that the "common gateway" constituted a bottleneck facility that presented realistic long- term dangers of competitive restraint, and suggesting that these concerns might be mitigated by Commission regulation of US Sprint as a dominant carrier with respect to the U.S.-FRG market. Moreover, both TRT and FTCC argued that the unique circumstances of the "common gateway" arrangements required the Commission to consider the terms and conditions under which the arrangements would be provided and that the Commission should designate the applications of competing carriers for hearing in order to determine whether carriers could engage in discrimination and other anticompetitive conduct, whether the proposed rates of each carrier were reasonable, which carrier could operate the "gateway" at lowest cost, and which carrier's operation of the "gateway" would best serve the public convenience and necessity.

[24] FTCC continued by stating that:

> the discrimination could lie in the service area, such as giving better quality service to its own customers than to those of its competitors, or could be economic, by ensuring that its competitors' costs to reach West Germany are higher than its own. Without action by the Commission, there would be no way of ensuring that the non-operator competitors will be able to compete with the operator.

See FTCC Petition for Order Requiring Interconnection Pursuant to Section 201 of the Communications Act of 1934, p. 4.

[25] Specifically, we made clear we would maintain full oversight of the terms And conditions of any tariff filing or contract setting forth US Sprint's site to provide international haul service between the two countries. To this end, we required US Sprint to separate its rate for the provision of service between its switch in New York and the FRG from its postalized rate for

end-to-end service. Moreover, we stated that we would evaluate the tariff or contract under standards similar to those we apply to the access filings of dominant carriers because of their bottleneck capabilities. We noted that we expected to use existing principles, such as requiring fully distributed cost methodologies and access that is equal in price, terms and quality in all respects to that provided by US Sprint for its own services, to evaluate the reasonableness of any tariff schedule or contract. Finally, we conditioned the grant on US Sprint's following principles of nondiscrimination or equal treatment, including routing of a proportionate share of inbound traffic to the domestic network of its carrier competitors or, in the alternative, recognizing the principle of proportionate return traffic through the provision of a commensurate reduction in the price that the carrier customer must pay to route its FRG-bound switched voice traffic through US Sprint's switch, as well as certain other nondiscrimination principles such as, nondiscrimination in quality of service, cable/satellite ratio, order intervals and marketing efforts.

[26] While FTCC is required to file its carrier-to-carrier contractual agreements with the Commission pursuant to Section 43.51 of the Rules, 47 C.F.R. §43.51, FTCC has requested confidential treatment for its operation of a so-called "gateway" with France Telecom. Although parties submitting carrier-to-carrier contracts to the Commission are not precluded for arguing that such records fall within the protective ambit of Exemption 4 of the Freedom of Information Act (FOIA) and our implementing regulations, *see* 47 C.F.R. §0.455, Section 412 establishes a presumption in favor of public availability and provides the legal authorization necessary for a discretionary release under *Chrysler v. Brown*, 441 U.S. 281 (1979). Section 412 of the Communications Act, 47 U.S.C. §412, states that "all contracts, agreements and arrangements between common carriers . . . shall be preserved as public records . . . " except when the Commission determines that disclosure would disadvantage U.S. carriers in competition with foreign entities, a situation that does not apply here. As a result, it seems clear that in the context of this proceeding competing carriers have not had the opportunity provided by law to comment fully on the competitive implications of the FTCC-France Telecom arrangement.

[27] As we observed last year in granting a FOIA request to deny confidentiality to a C&W-FTCC contract:

> the contract and pricing schedule show the terms and rates governing C&W's access to FTCC's international haul service to the U.K. FTC is obligated to provide such access on a non-discriminatory basis, whether by tariff or, as here, carrier contract. As a general matter, if carrier-to-carrier contracts of this type were withheld from public inspection, the Commission's ability to enforce such requirements would be hampered. Our monitoring efforts in this regard cannot be as effective or complete if carriers who may have sought or will seek service from FTCC or other international haul carriers cannot review the rates and terms afforded to resale carriers such as C&W.

See March 25, 1988 letter from Chief, Common Carrier Bureau, to Phillip L. Spector, Esq., Counsel for PAS, FOIA Control No. 88-29.

[28] *See* FTCC Communications Inc., I-T-C-87-075, 2 FCC Rcd 6114 (1987).

[29] These conditions as discussed above were also included in our authorization of the Sprint initiation of service to the FRG as discussed in paragraph 22 and fn. 30 of the Sprint order *supra* n. 23.

[30] *See also* Section 203 of the Communications Act, 47 U.S.C. § 203.

[31] We also note that these carriers, like FTCC, continue to be subject to statutory nondiscrimination requirements, such as those provided for in Section 202 of the Communications Act. *See e. g.* 47 U.S.C. § 202.

[32] In this context, we also note that FTCC, TRT and NGT have the obligation to bring to the Commission's attention any change to the organizational structure or terms of their arrangements to provide international common carrier services that would affect their status under the Commission's *International Competitive Carrier policies.*

[33] *See Order supra* note 1 at 842-43.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 89-320

In the Matter of

Amendment of Section 73.202(b), RM-6752
Table of Allotments,
FM Broadcast Stations.
(Blackduck, Minnesota)

NOTICE OF PROPOSED RULE MAKING

Adopted: June 30, 1989; Released: July 20, 1989

By the Chief, Allocations Branch:

1. Before the Commission for consideration is a petition for rule making filed by Roger Paskvan (petitioner), requesting the substitution of FM Channel 252C2 for 252A at Blackduck, Minnesota. Petitioner also requests the modification of his construction permit (BPH880426MB) for Channel 252A, to specify Channel 252C2.

2. We believe petitioner's proposal warrants consideration. Channel 252C2 can be allotted to Blackduck, Minnesota, in compliance with the minimum distance separation requirements of the Commission's Rules at petitioner's specified site.[1] Since Blackduck is located within 320 kilometers (200 miles) of the U.S.-Canadian border, concurrence of the Canadian government is required for this allotment. We shall also propose to modify the construction permit of Roger Paskvan to specify operation on Channel 252C2 in accordance with Section 1.420(g) of the Commission's Rules.

3. In order to provide a wide coverage area station for the Blackduck, Minnesota area, the Commission PROPOSES TO AMEND the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, as follows:

	Channel No.	
City	Present	Proposed
Blackduck, Minnesota	252A	252C2

4. The Commission's authority to institute rule making proceedings, showings required, cut-off procedures, and filing requirements are contained in the attached Appendix and are incorporated by reference herein. In particular, we note that a showing of continuing interest is required by paragraph 2 of the Appendix before a channel will be allotted.

5. Interested parties may file comments on or before **September 11, 1989,** and reply comments on or before **September 26, 1989,** and are advised to read the Appendix for the proper procedures. Additionally, a copy of such comments should be served on the petitioner, or its counsel or consultant, as follows:

Harry F. Cole
Bechtel, Borsari, Cole
& Paxson
2101 L Street, N.W.
Suite 502
Washington, D.C. 20037
(Counsel for Roger Paskvan)

6. The Commission has determined that the relevant provisions of the Regulatory Flexibility Act of 1980 do not apply to rule making proceedings to amend the FM Table of Allotments, Section 73.202(b) of the Commission's Rules. *See Certification that Sections 603 and 604 of the Regulatory Flexibility Act Do Not Apply to Rule Making to Amend Sections 73. 202 (b), 73. 504 and 73. 606 (b) of the Commission's Rules*, 46 FR 11549, February 9, 1981.

7. For further information concerning this proceeding, contact Kathleen Scheuerle, Mass Media Bureau, (202) 634-6530. For purposes of this restricted notice and comment rule making proceeding, members of the public are advised that no *ex parte* presentations are permitted from the time the Commission adopts a Notice of Proposed Rule Making until the proceeding has been decided and such decision is no longer subject to reconsideration by the Commission or review by any court. An *ex parte* presentation is not prohibited if specifically requested by the Commission or staff for the clarification or adduction of evidence or resolution of issues in the proceeding. However, any new written information elicited from such a request or a summary of any new oral information shall be served by the person making the presentation upon the other parties to the proceeding unless the Commission specifically waives this service requirement. Any comment which has not been served on the petitioner constitutes an *ex parte* presentation and shall not be considered in the proceeding. Any reply comment which has not been served on the person(s) who filed the comment, to which the reply is directed, constitutes an *ex parte* presentation and shall not be considered in the proceeding.

FEDERAL COMMUNICATIONS COMMISSION

Karl Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

APPENDIX

1. Pursuant to authority found in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61 0.204(b) and 0.283 of the Commission's Rules, IT IS PROPOSED TO AMEND the FM Table of Allotments, Section 73.202(b) of the Commission's Rules and Regulations, as set forth in the *Notice of Proposed Rule Making* to which this Appendix is attached.

2. *Showings Required.* Comments are invited on the proposal(s) discussed in the *Notice of Proposed Rule Making* to which this Appendix is attached. Proponent(s) will be expected to answer whatever questions are presented in

initial comments. The proponent of a proposed allotment is also expected to file comments even if it only resubmits or incorporates by reference its former pleadings. It should also restate its present intention to apply for the channel if it is allotted and, if authorized, to build a station promptly. Failure to file may lead to denial of the request.

3. *Cut - off Procedures.* The following procedures will govern the consideration of filings in this proceeding.

(a) Counterproposals advanced in this proceeding itself will be considered if advanced in initial comments, so that parties may comment on them in reply comments. They will not be considered if advanced in reply comments. *(See* Section 1.420(d) of the Commission's Rules.)

(b) With respect to petitions for rule making which conflict with the proposal(s) in this *Notice,* they will be considered as comments in the proceeding, and Public Notice to this effect will be given as long as they are filed before the date for filing initial comments herein. If they are filed later than that, they will not be considered in connection with the decision in this docket.

(c) The filing of a counterproposal may lead the Commission to allot a different channel than was requested for any of the communities involved.

4. *Comments and Reply Comments; Service.* Pursuant to applicable procedures set out in Sections 1.415 and 1.420 of the Commission's Rules and Regulations, interested parties may file comments and reply comments on or before the dates set forth in the *Notice of Proposed Rule Making* to which this Appendix is attached. All submissions by parties to this proceeding or by persons acting on behalf of such parties must be made in written comments, reply comments, or other appropriate pleadings. Comments shall be served on the petitioner by the person filing the comments. Reply comments shall be served on the person(s) who filed comments to which the reply is directed. Such comments and reply comments shall be accompanied by a certificate of service. *(See* Section 1.420(a), (b) and (c) of the Commission's Rules.)

5. *Number of Copies.* In accordance with the provisions of Section 1.420 of the Commission's Rules and Regulations, an original and four copies of all comments, reply comments, pleadings, briefs, or other documents shall be furnished the Commission.

6. *Public Inspection of Filings.* All filings made in this proceeding will be available for examination by interested parties during regular business hours in the Commission's Public Reference Room at its headquarters, 1919 M Street N.W., Washington, D.C.

FOOTNOTE

[1] The coordinates for Channel 252C2 at Blackduck are 47-33-21 and 94-47-59.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 89-321

In the Matter of

Amendment of Section 73.202(b), RM-6699
Table of Allotments,
FM Broadcast Stations.
(Rochester and Winona, Minnesota)

NOTICE OF PROPOSED RULE MAKING

Adopted: June 30, 1989; Released: July 20, 1989

By the Chief, Allocations Branch:

1. The Commission has before it for consideration a petition for rule making filed by Rochester Communications Corporation (petitioner), licensee of FM Station KRCH, Rochester, Minnesota, seeking the substitution of Channel 269C2 for Channel 269A at Rochester. Petitioner also requests modification of its license for Station KRCH to specify Channel 269C2 instead of Channel 269A.

2. We believe petitioner's proposal warrants consideration. Channel 269C2 can be allotted to Rochester in compliance with the minimum distance separation requirements of Section 73.207 of the Commission's Rules at petitioner's specified site provided vacant Channel 268A is deleted from Winona, Minnesota.[1] Petitioner has proposed the substitution of Channel 266A for Channel 268A at Winona. Channel 266A can be allotted to Winona consistent with the mileage separation requirements at a site 10.3 kilometers (6.4 miles) east of the community. The site restriction prevents a conflict with a construction permit for Station KDWB, Richfield, Minnesota (BPH850709IK), as well as with KDWB's licensed site.[2] Channel 268A was allotted to Winona, Minnesota, MM Docket 86-372, contingent on Station KDWB, Channel 267C1, Richfield, Minnesota, being licensed as a full Class C facility. *See* 2 FCC Rcd 5238 (1987). The filing window dates for Channel 268A at Winona have been withheld pending the licensing of Station KDWB. [3] We shall also propose to modify the license of Station KRCH, Channel 269A, to specify operation on Channel 269C2 in accordance with Section 1.420(g) of the Commission's Rules.

3. In order to provide an additional wide coverage area Station for the Rochester, Minnesota area, the Commission PROPOSES TO AMEND the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, as follows:

	Channel No.	
City	Present	Proposed
Rochester, Minnesota	243C2, 248C, 269A, 295C	243C2, 248C, 269C2, 295C

4. The Commission's authority to institute rule making proceedings, showings required, cut-off procedures, and filing requirements are contained in the attached Appendix and are incorporated by reference herein. In particular, we note that a showing of continuing interest is required by paragraph 2 of the Appendix before a channel will be allotted.

5. Interested parties may file comments on or before **September 11, 1989,** and reply comments on or before **September 26, 1989,** and are advised to read the Appendix for the proper procedures. Additionally, a copy of such comments should be served on the petitioner, or its counsel or consultant, as follows:

Jerrold Miller
Miller & Fields, P.C.
P.O. Box 33003
Washington, D.C. 20033
(Counsel for the petitioner)

6. The Commission has determined that the relevant provisions of the Regulatory Flexibility Act of 1980 do not apply to rule making proceedings to amend the FM Table of Allotments, Section 73.202(b) of the Commission's Rules. *See Certification that Sections 603 and 604 of the Regulatory Flexibility Act Do Not Apply to Rule Making to Amend Sections 73. 202 (b), 73. 504 and 73. 606 (b) of the Commission's Rules*, 46 FR 11549, February 9, 1981.

7. For further information concerning this proceeding, contact Kathleen Scheuerle, Mass Media Bureau, (202) 634-6530. For purposes of this restricted notice and comment rule making proceeding, members of the public are advised that no *ex parte* presentations are permitted from the time the Commission adopts a Notice of Proposed Rule Making until the proceeding has been decided and such decision is no longer subject to reconsideration by the Commission or review by any court. An *ex parte* presentation is not prohibited if specifically requested by the Commission or staff for the clarification or adduction of evidence or resolution of issues in the proceeding. However, any new written information elicited from such a request or a summary of any new oral information shall be served by the person making the presentation upon the other parties to the proceeding unless the Commission specifically waives this service requirement. Any comment which has not been served on the petitioner constitutes an *ex parte* presentation and shall not be considered in the proceeding. Any reply comment which has not been served on the person(s) who filed the comment, to which the reply is directed, constitutes an *ex parte* presentation and shall not be considered in the proceeding.

FEDERAL COMMUNICATIONS COMMISSION

Karl Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

APPENDIX

1. Pursuant to authority found in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61 0.204(b) and 0.283 of the Commission's Rules, IT IS PROPOSED TO AMEND the FM Table of Allotments, Section 73.202(b) of the Commission's Rules and Regulations, as set forth in the *Notice of Proposed Rule Making* to which this Appendix is attached.

2. *Showings Required.* Comments are invited on the proposal(s) discussed in the *Notice of Proposed Rule Making* to which this Appendix is attached. Proponent(s) will be expected to answer whatever questions are presented in initial comments. The proponent of a proposed allotment is also expected to file comments even if it only resubmits or incorporates by reference its former pleadings. It should also restate its present intention to apply for the channel if it is allotted and, if authorized, to build a station promptly. Failure to file may lead to denial of the request.

3. *Cut - off Procedures.* The following procedures will govern the consideration of filings in this proceeding.

(a) Counterproposals advanced in this proceeding itself will be considered if advanced in initial comments, so that parties may comment on them in reply comments. They will not be considered if advanced in reply comments. *(See* Section 1.420(d) of the Commission's Rules.)

(b) With respect to petitions for rule making which conflict with the proposal(s) in this *Notice,* they will be considered as comments in the proceeding, and Public Notice to this effect will be given as long as they are filed before the date for filing initial comments herein. If they are filed later than that, they will not be considered in connection with the decision in this docket.

(c) The filing of a counterproposal may lead the Commission to allot a different channel than was requested for any of the communities involved.

4. *Comments and Reply Comments; Service.* Pursuant to applicable procedures set out in Sections 1.415 and 1.420 of the Commission's Rules and Regulations, interested parties may file comments and reply comments on or before the dates set forth in the *Notice of Proposed Rule Making* to which this Appendix is attached. All submissions by parties to this proceeding or by persons acting on behalf of such parties must be made in written comments, reply comments, or other appropriate pleadings. Comments shall be served on the petitioner by the person filing the comments. Reply comments shall be served on the person(s) who filed comments to which the reply is directed. Such comments and reply comments shall be accompanied by a certificate of service. *(See* Section 1.420(a), (b) and (c) of the Commission's Rules.)

5. *Number of Copies.* In accordance with the provisions of Section 1.420 of the Commission's Rules and Regulations, an original and four copies of all comments, reply comments, pleadings, briefs, or other documents shall be furnished the Commission.

6. *Public Inspection of Filings.* All filings made in this proceeding will be available for examination by interested parties during regular business hours in the Commission's Public Reference Room at its headquarters, 1919 M Street N.W., Washington, D.C.

FOOTNOTES

[1] The coordinates for Channel 269C2 are 44-04-13 and 92-28-38.

[2] The coordinates for Channel 266A are 44-04-09 and 91-30-54.

[3] The construction permit for Station KDWB, Channel 267C, was granted on February 17, 1989, and will expire on August 17, 1990.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 89-322

In the Matter of

Amendment of Section 73.202(b),	RM-6641
Table of Allotments,	
FM Broadcast Stations.	
(Tuscaloosa, Alabama)	

NOTICE OF PROPOSED RULE MAKING

Adopted: June 30, 1989; Released: July 20, 1989

By the Chief, Allocations Branch:

1. Before the Commission for consideration is the petition for rule making filed on behalf of Radio South, Inc. (petitioner), requesting the substitution of Channel 225C1 for Channel 225C2 at Tuscaloosa, Alabama, and modification of its license for Station WTUG(FM) to specify operation on the higher powered channel.[1]

2. A staff engineering analysis reveals that Channel 225C1 can be allotted to Tuscaloosa at the petitioner's specified site[2] (16.2 kilometers (10.1 miles)) south of the community, consistent with the minimum distance separation requirements of Section 73.207(b) of the Commission's Rules. [3]

3. We believe the proposal warrants consideration. Therefore, we shall propose to substitute Channel 225C1 for Channel 225C2 at Tuscaloosa, Alabama, since it could allow Station WTUG(FM) to expand its service area. As requested, we shall also propose to modify the license of Station WTUG(FM) to specify operation on the higher powered channel. Pursuant to the provisions of Section 1.420(g) of the Commission's Rules, we will not accept other expressions of interest in the use of Channel 225C1 at Tuscaloosa, nor require the petitioner to demonstrate the availability of an additional equivalent channel for use by such interested parties.

4. Based on the above, we believe it is appropriate to seek comments on the proposal to amend the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, with respect to the community listed below, as follows:

	Channel No.	
City	Present	Proposed
Tuscaloosa, Alabama	225C2, 239C1, 288A	225C1,239C1, 288A

5. The Commission's authority to institute rule making proceedings, showings required, cut-off procedures, and filing requirements are contained in the attached Appendix and are incorporated by reference herein. In particular, we note that a showing of continuing interest is required by paragraph 2 of the Appendix before a channel will be allotted.

6. Interested parties may file comments on or before **September 11, 1989,** and reply comments on or before **September 26, 1989,** and are advised to read the Appendix for the proper procedures. Additionally, a copy of such comments should be served on the petitioner's counsel, as follows:

Erwin G. Krasnow, Esq.
Verner, Liipfert, Bernhard,
McPherson and Hand
901 - 15th Street, NW
Suite 700
Washington, DC 20005-2301

7. The Commission has determined that the relevant provisions of the Regulatory Flexibility Act of 1980 do not apply to rule making proceedings to amend the FM Table of Allotments, Section 73.202(b) of the Commission's Rules. *See Certification that Sections 603 and 604 of the Regulatory Flexibility Act Do Not Apply to Rule Making to Amend Sections 73. 202 (b), 73. 504 and 73. 606 (b) of the Commission's Rules*, 46 FR 11549, February 9, 1981.

8. For further information concerning this proceeding, contact Nancy Joyner, Mass Media Bureau, (202) 634-6530. For purposes of this restricted notice and comment rule making proceeding, members of the public are advised that no *ex parte* presentations are permitted from the time the Commission adopts a Notice of Proposed Rule Making until the proceeding has been decided and such decision is no longer subject to reconsideration by the Commission or review by any court. An *ex parte* presentation is not prohibited if specifically requested by the Commission or staff for the clarification or adduction of evidence or resolution of issues in the proceeding. However, any new written information elicited from such a request or a summary of any new oral information shall be served by the person making the presentation upon the other parties to the proceeding unless the Commission specifically waives this service requirement. Any comment which has not been served on the petitioner constitutes an *ex parte* presentation and shall not be considered in the proceeding. Any reply comment which has not been served on the person(s) who filed the comment, to which the reply is directed, constitutes an *ex parte* presentation and shall not be considered in the proceeding.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

APPENDIX

1. Pursuant to authority found in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61 0.204(b) and 0.283 of the Commission's Rules, IT IS PROPOSED TO AMEND the FM Table of Allotments, Section 73.202(b) of the Commission's Rules and Regulations, as set forth in the *Notice of Proposed Rule Making* to which this Appendix is attached.

2. *Showings Required.* Comments are invited on the proposal(s) discussed in the *Notice of Proposed Rule Making* to which this Appendix is attached. Proponent(s) will be expected to answer whatever questions are presented in initial comments. The proponent of a proposed allotment is also expected to file comments even if it only resubmits or incorporates by reference its former pleadings. It should also restate its present intention to apply for the channel if it is allotted and, if authorized, to build a station promptly. Failure to file may lead to denial of the request.

3. *Cut - off Procedures.* The following procedures will govern the consideration of filings in this proceeding.

(a) Counterproposals advanced in this proceeding itself will be considered if advanced in initial comments, so that parties may comment on them in reply comments. They will not be considered if advanced in reply comments. *(See* Section 1.420(d) of the Commission's Rules.)

(b) With respect to petitions for rule making which conflict with the proposal(s) in this *Notice,* they will be considered as comments in the proceeding, and Public Notice to this effect will be given as long as they are filed before the date for filing initial comments herein. If they are filed later than that, they will not be considered in connection with the decision in this docket.

(c) The filing of a counterproposal may lead the Commission to allot a different channel than was requested for any of the communities involved.

4. *Comments and Reply Comments; Service.* Pursuant to applicable procedures set out in Sections 1.415 and 1.420 of the Commission's Rules and Regulations, interested parties may file comments and reply comments on or before the dates set forth in the *Notice of Proposed Rule Making* to which this Appendix is attached. All submissions by parties to this proceeding or by persons acting on behalf of such parties must be made in written comments, reply comments, or other appropriate pleadings. Comments shall be served on the petitioner by the person filing the comments. Reply comments shall be served on the person(s) who filed comments to which the reply is directed. Such comments and reply comments shall be accompanied by a certificate of service. *(See* Section 1.420(a), (b) and (c) of the Commission's Rules.)

5. *Number of Copies.* In accordance with the provisions of Section 1.420 of the Commission's Rules and Regulations, an original and four copies of all comments, reply comments, pleadings, briefs, or other documents shall be furnished the Commission.

6. *Public Inspection of Filings.* All filings made in this proceeding will be available for examination by interested parties during regular business hours in the Commission's Public Reference Room at its headquarters, 1919 M Street N.W., Washington, D.C.

FOOTNOTES

[1] WTUG(FM) currently operates on Channel 224A at Tuscaloosa. However, its license was modified by *Report and Order* in MM Docket No. 87-451, (3 FCC Rcd 6849 (1988)), to specify operation on Channel 225C2, for which its application is pending (BPH-890113IF).

[2] Coordinates at the petitioner's specified site are 33-03-36 and 87-32-43.

[3] The proposed allotment of Channel 225C1 at Tuscaloosa is contingent upon grant of the application (BPH-890510IB) of Station WFFN(FM), Cordova, Alabama, to commence operation on Channel 237A, as directed in MM Docket No. 87-451, *supra.* Although Station WFFN(FM) is licensed to the petitioner herein, RSI asserts that it is sufficiently removed from Station WTUG(FM), that no overlap of the 70 dBu contours will occur.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 86-103

In the Matter of

Amendment of §73.202(b),	RM-4984
Table of Allotments,	RM-5456
FM Broadcast Stations.	
(Troy, Louisiana, Bowling Green, Springfield, and Columbia, Missouri)	

REPORT AND ORDER
(Proceeding Terminated)

Adopted: June 30, 1989; Released: July 20, 1989

By the Chief, Allocations Branch:

1. Before the Commission are *Orders to Show Cause* ("Orders")[1] issued in response to a petition filed by James C. MaGee ("MaGee"), and a counter-proposal filed by Columbia FM, Inc. ("Columbia FM") in the Troy and Louisiana, Missouri, Rule Making proceeding.[2] The MaGee proposal would allot a Class A channel to Troy, Missouri, and would require the Commission to modify the facilities of a licensee in Louisiana, Missouri. The Columbia FM counterproposal would require the Commission to modify licenses in Bowling Green and Springfield, Missouri, in order to allot a Class A channel to Troy, Missouri, and upgrade a Class A station at Columbia, Missouri. We now consider the comments and replies filed by these licensees and other parties affected by the original proposal.

BACKGROUND

2. The Commission issued a *Notice of Proposed Rule Making and Order to Show Cause* (" *Notice* ") [3] in response to a petition filed by MaGee proposing to allocate Channel 268A to Troy, Missouri and substitute Channel 271A for Channel 269A at Louisiana, Missouri, modifying the license of Station KJFM, Channel 269A, accordingly. Columbia FM filed comments, and a counterproposal, seeking an adjacent channel upgrade,[4] which conflicts with MaGee's proposal. Columbia FM proposes to allot Channel 264A (instead of Channel 268A) to Troy, substitute Channel 231A for Channel 265A at Bowling Green, Missouri, and modify the license of Station KPCR-FM, Channel 265A, Bowling Green, accordingly, substitute Channel 267C for Channel 268C at Springfield, Missouri and modify the license of Station KTXR(FM), Channel 268C, Springfield, accordingly, and substitute Channel 268C2 for Channel 269A at Columbia and modify the license of Station KARO(FM), Channel 269A, Columbia, to specify the higher class channel.[5] Either MaGee's proposal or Columbia FM's counter proposal would provide a first local service to Troy, Missouri. Unlike MaGee's Channel 268A proposal, however, a substitution of channels at Louisiana would not be necessary under Columbia FM's counterproposal.

3. Foxfire Communications, Inc. ("Foxfire"), licensee of station KJFM, opposed the MaGee proposal and requested a hearing on the modification of its license. The licensees of the affected stations in Bowling Green and Springfield objected to Columbia FM's counterproposal because, they state, it violates the Commission's policy against considering proposals involving more than two channel substitutions.[6] EZ Communications, Inc. (EZ), licensee of Station KYKY(FM) St. Louis, Missouri, opposed modification of the Springfield license to operate on Channel 267C because such action would preclude EZ's pending proposal to substitute Channel 267A for Channel 249A at Potosi, ultimately precluding the upgrade of station KYKY.

4. In *Orders*, the Commission concluded that Columbia FM's counter-proposal is consistent with Commission policy regarding the number of channel substitutions it would entertain in a rule making proceeding. In *Columbus, et. al.*[7] the Commission stated that it would not consider proposals involving more than two *other* substitutions of occupied channels because such proposals often are not brought to fruition. In *Orders*, the Commission concluded that the counterproposal complies with the stricture set forth in *Columbus, et. al.* because it would require only two substitutions other than the substitution at Columbia. Thus, consideration of Columbia FM's counterproposal is consistent with the Commission's stated policy. Further, the Commision acknowledged that although either proposal would provide a first local service to Troy, Missouri, Columbia FM's counterproposal would also enhance existing service to Columbia, Missouri. The Commission stated, however, that adoption of either proposal would depend on resolution of certain contingencies. Specifically, MaGee's proposal would require KJFM, Louisiana, to modify its operations to a higher frequency. Similarly, Columbia FM's counterproposal would require channel substitutions at Bowling Green and Springfield, while the modification at the latter community is contingent on proceedings at Girard, Kansas,[8] and Potosi, Missouri.[9]

5. The Commission, therefore, issued *Orders* to permit Foxfire, Pike County Broadcasting, Inc. ("Pike"), licensee of Station KPCR, Bowling Green, and Stereo Broadcasting, Inc. ("Stereo"), licensee of Station KTXR, Springfield, to show cause why their licenses should not be modified. The Commission expressly prohibited comment on the relative merits of the two proposals, thereby restricting the affected licensees to addressing only the proposed channel changes. Finally, the Commission stated that if the counterproposal is adopted, Columbia FM and the ultimate Troy licensee will benefit from the Bowling Green substitution, therefore, they will be required to share the costs of that channel change.

COMMENTS

6. In responding to *Orders*, Foxfire again requests a hearing on the modification of its license for Station KJFM, reiterating its assertion that the precarious financial condition under which it is operating precludes a modification of KJFM's facilities. Foxfire maintains that the expenses involved in the modification of its facilities

will severely strain its resources and may cause KJFM to cease operation. Thus, Foxfire urges the Commission to adopt some other solution.

7. Replying to Foxfire, MaGee states that even though KJFM's channel change would be slight and not so disruptive as to cause the licensee financial hardship, in any event, KJFM will be reimbursed for any expenses arising from the modification. However, in order to alleviate the financial concerns of Foxfire, MaGee offers to provide, in advance, the funds necessary to modify KJFM's facilities.[10]

8. Pike and Stereo each filed comments stating that they have reached agreement with Columbia FM regarding reimbursement for expenses arising from the modification of their facilities. Pike and Stereo, therefore, withdraw their oppositions to Columbia FM's counterproposal, and consent to the proposed modifications at Bowling Green and Springfield, Missouri, respectively.

9. Columbia FM confirms that it has reached agreement with the licensees at Bowling Green and Springfield, eliminating their objections to its counterproposal. However, it recognizes that the modification at Springfield is intertwined with the Rule Making at Potosi, Missouri. In this regard, to avoid a short spacing to the proposed Springfield station, Columbia FM urges the Commission either to allot proposed Channel 284A to Potosi, or maintain the licensee on its current frequency, Channel 249A. Columbia FM argues that the proposed allocation of Channel 267A to Potosi is unnecessary given the availability of two other Class A channels in that community. Moreover, it asserts that such an allocation will preclude the modification necessary at Springfield. Columbia FM also filed "informational supplements" apprising the Commission that the Girard, Kansas, application for a new transmitter site was granted,[11] thus eliminating the short spacing of that station to the proposed Springfield channel.

10. Contemporary Broadcasting, Inc. ("Contemporary") filed comments urging the Commission not to allot either of the proposed channels to Potosi but to retain the present channel. Contemporary argues that neither Channel 267A nor Channel 284A should be allotted to Potosi because the channel currently allotted to Potosi, Channel 249A, is superior to the requested allotments.

DISCUSSION

11. After careful consideration of the record in this proceeding, we believe it would be in the public interest to grant the counterproposal advanced by Columbia FM. Either MaGee's proposal or Columbia FM's counterproposal would provide a first local service to Troy, Missouri. Grant of Columbia FM's counterproposal, however, includes the added public interest benefit of upgrading station KARO(FM), Columbia, Missouri, enabling it to provide enhanced wide area service to that community. Moreover, the counterproposal would not require the contested substitition at Louisiana.[12] However, there are still several contingencies upon which adoption of the counter proposal is conditioned.

12. Among the contingencies enumerated in *Orders* were substitutions at Bowling Green and Springfield, Missouri. The substitition of Channel 231A for Channel 265A at Bowling Green, Missouri, would permit the Commission to allot Channel 264A to Troy without short-spacing the two facilities. Because Pike, licensee of Station KPCR-FM, Bowling Green, has consented to the proposed modification of its operations, Channel 264A may be alloted to Troy, Missouri. Similarly, Stereo, licensee of KTXR(FM), Springfield, Missouri, has also assented to modification of its facilities from Channel 268C to Channel 267C which is necessary to achieve Columbia FM's upgrade without short-spacing the facilities at Springfield and Columbia. However, even in the absence of Stereo's objection, the modification at Springfield was further contingent on the outcome of proceedings in Girard, Kansas and Potosi, Missouri.

13. In the Girard application proceeding, a transmitter site change was requested by the licensee on Channel 266A. On April 7, 1988, the Commission granted the Girard licensee's application, specifying a new transmitter site for Channel 266A which eliminated the short spacing to the proposed Springfield channel.[13] Thus, the only obstacle remaining to allotment of Channel 267C to Springfield is the proceeding at Potosi, Missouri. Although we stated in *Orders* that the instant proceeding was contingent on resolution of the Potosi rule making, we do not believe that further delay is required. We are aware that our decision to allot Channel 267C to Springfield, Missouri, will preclude consideration of Channel 267A in the Potosi rule making proceeding, however, Channel 284A is available at Potosi should we decide, in that proceeding, that the public interest would be served by substitution of an alternative channel for Channel 249A.

14. We believe the public interest would be served better by adoption of Columbia FM's counterproposal rather than MaGee's proposal for the reasons discussed herein. We conclude that Channel 264A can be allotted to Troy, Missouri, as that community's first local service, in compliance with the Commission's minimum distance separation and other technical requirements with a site restriction of 3.4 kilometers (2.1 miles) northwest to prevent short-spacing to pending applications for Channel 262B at Alton, Illinois, and 264C at Cape Girardeau, Missouri. This allocation also requires the substitution of Channel 231A for Channel 265A at Bowling Green, Missouri. We further conclude that the public interest would be served by upgrading Station KARO, Columbia, Missouri, from Channel 269A to Channel 268C2 pursuant to an adjacent channel upgrade under section 1.420(g)(3) of the Commission's rules. This upgrade requires substitution of Channel 267C for Channel 268C at Springfield, Missouri.

15. Accordingly, pursuant to the provisions of Sections 4(i), 5(c)(i), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61, 0.204 and 0.283 of the Commission's Rules, IT IS ORDERED, That effective **September 5, 1989,** the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, IS AMENDED, with respect to the communities listed below, to read as follows:

City	Channel No.
Bowling Green, Missouri	231A
Columbia, Missouri	230A, 244A, 252A, 268C2
Springfield, Missouri	234C, 247C, 254C, 267C
Troy, Missouri	264A

16. IT IS FURTHER ORDERED, That pursuant to Section 316(a) of the Communications Act of 1934, as amended, the license of Pike County Broadcasting, Inc.,

for Station KPCR-FM, Channel 265A, Bowling Green, Missouri, IS MODIFIED to specify operation on Channel 231A, and the license of Stereo Broadcasting, Inc., for Station KTXR(FM), Channel 268C, Springfield Missouri, IS MODIFIED to specify operation on channel 267C, effective , 1988, subject to the following conditions:

(a) Nothing contained herein shall be construed as authorizing any change in License No. BLH-6773 or License No. BLH-4902 except the channel as specified above. Any other changes, except for those specified under Section 73.1690 of the Rules, require prior authorization pursuant to an application for construction permit (FCC Form 301).

(b) Program tests may be conducted in accordance with the provisions of Section 73.1620 of the Rules, PROVIDED the transmission facilities comply in all respects with License No. BLH-6773 and License No. BLH-4902 except for the channel as specified above and a license application (FCC Form 302) is filed within 10 days of commencement of program tests.

17. IT IS FURTHER ORDERED, That pursuant to Section 316(a) of the Communications Act of 1934, as amended, the license of Columbia FM, Inc., for Station KARO(FM), Channel 269A, Columbia, Missouri, IS MODIFIED to specify operation on Channel 268C2, subject to the following conditions:

(a) Within 90 days of the effective date of this *Order*, the licensees shall submit to the Commission a minor change application for a construction permit (Form 301), specifying the new facility;

(b) Upon grant of the construction permit, program tests may be conducted in accordance with Section 73.1620; and

(c) Nothing contained herein shall be construed to authorize a change in transmitter location or to avoid the necessity of filing an environmental impact statement pursuant to Section 1.1301 of the Commission's Rules.

18. The window period for filing applications for Channel 264A at Troy, Missouri, will open on **September 6, 1989,** and close on **October 6, 1989.**

19. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

20. For further information concerning this proceeding, contact Douglas J. Minster, Mass Media Bureau, (202) 632-7792.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

FOOTNOTES

[1] 2 FCC Rcd 6807 (1987).

[2] *See Amendment of § 73. 302 (b), Table of Allotments, FM Broadcast Stations (Troy, Louisiana, Missouri),* 51 Fed. Reg. 11951, April 8, 1986.

[3] *Id.*

[4] 47 C.F.R. § 1.420 (g)(3)(1986).

[5] Public Notice of this counterproposal was given June 6, 1986, Report No. 1596.

[6] *Columbus, Nebraska et. al.,* 51 Fed. Reg. 4926, February 10, 1986.

[7] 59 RR 2d 1189 (1986).

[8] File No. BPH851216MR.

[9] *See Notice of Proposed Rulemaking, Potosi, Missouri,* 51 Fed. Reg. 24874, July 9, 1986.

[10] Talley Broadcasting ("Talley"), licensee of KBKB, Fort Madison, Iowa, submitted late filed comments offering to advance funds to Foxfire because Talley's requested upgrade at Fort Madison, now pending before the Commission in a separate proceeding, MM Docket 87-29, also requires KJFM to modify its operations to Channel 271A.

[11] File No. BMPH880127IC.

[12] Because we have decided to adopt the counterproposal and, thus, need not require KJFM to modify its facilities at Louisiana, Missouri, Foxfire's request for a hearing in response to the order to show cause is no longer relevant to this proceeding. However, Foxfire's request is relevant in the context of the Fort Madison, Iowa, Rule Making in which the same substitition is at issue. *See, Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations. (Eddyville and Fort Madison, Iowa),* 2 FCC Rcd. 7440 n.1 (1987), First Report and Order in MM Docket No. 87-29. Therefore, we will sever from this proceeding the question whether Channel 271A will be substituted for Channel 269A at Louisiana, Missouri. That issue, and the pleadings Foxfire submitted in response to the substitution proposal and order to show cause, will be consolidated in the Fort Madison Rule Making, MM Docket No 87-29, and will be disposed of in a *Report and Order* in that proceeding.

[13] File No. BMPH880127IC.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 88-385

In the Matter of

Amendment of Section 73.202(b), RM-6272
Table of Allotments,
FM Broadcast Stations.
(Fayetteville, Arkansas)

REPORT AND ORDER
(Proceeding Terminated)

Adopted: June 30, 1989; Released: July 20, 1989

By the Chief, Allocations Branch:

1. The Commission considers herein the *Notice of Proposed Rule Making*, 3 FCC Rcd 5009 (1989), issued in response to a petition filed on behalf of Noalmark Broadcasting Corporation (petitioner), licensee of Station KKIX(FM), Channel 280A, Fayetteville, Arkansas, proposing the substitution of Channel 280C1 for Channel 280A and modification of its license accordingly. Petitioner filed comments in support of the proposal. Elvis L. Moody ("Moody"), permittee of Station KJEM-FM, Channel 237A, Seligman, Missouri, filed comments in the nature of a counterproposal requesting the substitution of Channel 227C2 for its current channel at Seligman, with a related change at Cassville, Missouri.[1] No other comments were received.

2. As indicated in the *Notice*, Channel 280C1 can be allotted to Fayetteville consistent with the minimum distance separation requirements of Section 73.207(b) of the Commission's Rules, provided the transmitter is sited in an area at least 3.2 kilometers (2.0 miles) northwest of the community[2] to avoid short-spacing to Station KKYK(FM), Channel 279C, Little Rock, Arkansas. [3]

3. In view of the above, we believe the public interest would be served by substituting Channel 280C1 for Channel 280A at Fayetteville, Arkansas, since it could provide an additional expanded coverage FM service to the community. Therefore, and in accordance with the provisions of Section 1.420(g) of the Commission's Rules, we are modifying the license of Noalmark Broadcasting Corporation for Station KKIX(FM) to specify operation on Channel 280C1 in lieu of Channel 280A, as requested.

4. Accordingly, pursuant to the authority contained in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61, 0.204(b) and 0.283 of the Commission's Rules, IT IS ORDERED, That effective **September 5, 1989,** the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, IS AMENDED with respect to the community listed below, as follows:

City	Channel No.
Fayetteville, Arkansas	221A,280C1,300C

5. IT IS FURTHER ORDERED, That pursuant to Section 316(a) of the Communications Act of 1934, as amended, the license of Noalmark Broadcasting Corporation for Station KKIX(FM) IS MODIFIED effective **September 5, 1989,** to specify operation on Channel 280C1 in lieu of Channel 280A, subject to the following conditions:

(a) Within 90 days of the effective date of this *Order*, the licensee shall submit to the Commission a minor change application for a construction permit (Form 301), specifying the new facility;

(b) Upon grant of the construction permit, program tests may be conducted in accordance with Section 73.1620; and

(c) Nothing contained herein shall be construed to authorize a change in transmitter location or to avoid the necessity of filing an environmental impact statement pursuant to Section 1.1301 of the Commission's Rules.

6. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

7. For further information concerning the above, contact Nancy Joyner, Mass Media Bureau, (202) 634-6530.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

FOOTNOTES

[1] Moody's pleading has not been considered in the context of this proceeding since it is not in conflict with the Fayetteville, Arkansas proposal. Rather, the request is under consideration in a separate proceeding, MM Docket No. 89-7, 4 FCC Rcd 1281 (1989).

[2] Coordinates at the restricted site for Channel 280C1 at Fayetteville are 36-05-38 and 94-10-16.

[3] Coordinates at the licensed site of Station KKYK(FM) are 34-47-55 and 92-29-58.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 87-485

In the Matter of

Amendment of Section 73.202(b), RM-5991
Table of Allotments,
FM Broadcast Stations.
(Brownwood, Texas)

REPORT AND ORDER
(Proceeding Terminated)

Adopted: June 30, 1989; Released: July 20, 1989

By the Chief, Allocations Branch:

1. At the request of Group R Broadcasting, Inc. (petitioner), the Commission has before it for consideration the *Notice of Proposed Rule Making*, 2 FCC Rcd 6803 (1987), proposing the substitution of Channel 257C2 for Channel 257A at Brownwood, Texas, and the modification of its license for Station KPSM(FM) to specify the higher class co-channel. Petitioner filed supporting comments reiterating its intention to construct the upgraded facilities.

2. As stated in the *Notice* final action in this proceeding would be delayed pending the ultimate licensing of Station KLTD(FM) at Lampasas, Texas, on Channel 256C1 in lieu of Channel 257A, and Station KTLC(FM) at Tye, Texas, on Channel 259C1 in lieu of Channel 257A, in accordance with the then pending applications and construction permit for upgrading the facilities. Subsequently, both facilities were granted licenses, and we are now able to finalize this proceeding.[1]

3. We believe the public interest would be served by substituting Channel 257C2 for Channel 257A at Brownwood since it could provide an additional expanded FM coverage to the area. The substitution can be made in compliance with the Commission's minimum distance separation requirements with a site restriction of 14.0 kilometers (8.7 miles) northwest of Brownwood.[2] The site restriction is necessary in order to avoid a short spacing to Station KLTD(FM), Channel 256C1, Lampasas, Texas. Mexican concurrence has been received since Brownwood is located within 320 kilometers (199 miles) of the U.S.-Mexican border.

4. As requested, we are modifying the license of Station KPSM(FM) to specify operation on Channel 257C2 in accordance with Section 1.420(g) of the Commission's Rules.

5. Accordingly, pursuant to the authority found in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61, 0.204(b) and 0.283 of the Commission's Rules, IT IS ORDERED, That effective **September 5, 1989,** the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, IS AMENDED for the community listed below, as follows:

City	Channel No.
Brownwood, Texas	257C2, 268C1, 281C1

6. IT IS FURTHER ORDERED, That pursuant to Section 316(a) of the Communications Act of 1934, as amended, the license of Group R Broadcasting, Inc., for Station KPSM(FM), Brownwood, Texas, IS MODIFIED, to specify operation on Channel 257C2 in lieu of Channel 257A, subject to the following conditions:

(a) Within 90 days of the effective date of this *Order*, the licensee shall submit to the Commission a minor change application for a construction permit (Form 301), specifying the new facility;

(b) Upon grant of the construction permit, program tests may be conducted in accordance with Section 73.1620; and

(c) Nothing contained herein shall be construed to authorize a change in transmitter location or to avoid the necessity of filing an environmental impact statement pursuant to Section 1.1301 of the Commission's Rules.

7. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

8. For further information concerning this proceeding, contact Patricia Rawlings, Mass Media Bureau, (202) 634-6530.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

FOOTNOTES

[1] On August 23, 1989, Station KTLC(FM) at Tye was granted a license (BLH-870506KI) for Channel 259C1 in lieu of Channel 257A. Station KLTD(FM) at Lampasas was granted a license for Channel 257C1 in lieu of Channel 257A on May 9, 1989 (BLH-890113KD).

[2] The restricted site coordinates are 31-48-41 and 99-03-54.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 86-277

In the Matter of

Amendment of Section 73.202(b), RM-5276
Table of Allotments,
FM Broadcast Stations.
(Dothan, Alabama)

REPORT AND ORDER
(Proceeding Terminated)

Adopted: June 30, 1989; Released: July 20, 1989

By the Chief, Allocations Branch:

1. Before the Commission for consideration is the *Notice of Proposed Rule Making*, 51 FR 24872, July 9, 1986, issued in response to a petition filed on behalf of Reuben C. Hughes (petitioner), requesting the allotment of Channel 263A to Dothan, Alabama, as that community's fourth local FM broadcast service. Petitioner filed supporting comments. Comments were also filed on behalf of WOOF Radio, Inc. ("WOOF"), licensee of Station WOOF(FM), Channel 259C1, Dothan, Alabama, and by Dothan Aviation, Inc. ("DAI"), operator of Wheelless Airport, Dothan, Alabama.[1]

2. The *Notice* advised that Channel 263A could be allotted to Dothan consistent with the minimum distance separation requirements of Section 73.207(b) of the Commission's Rules at a restricted site 11.1 kilometers west[2] of the community to avoid short-spacing to Station WSGY(FM), Channel 262C, Tifton, Georgia. However, after further engineering analysis, it appears that a 70 dBu signal would not encompass the entire community of Dothan.

3. In view of the potential difficulties with a Channel 263A allotment, a staff engineering analysis determined that Channel 267A may be allotted to Dothan, in lieu of proposed Channel 263A, in conformity with the minimum distance separation requirements of Section 73.207(b) of the Commission's Rules, provided the transmitter is sited at least 6.3 kilometers east [3] of the community. The restriction is required to avoid short-spacing to Station WZTZ(FM), Channel 266A, Elba, Alabama.[4]

4. Accordingly, pursuant to the authority contained in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61, 0.204(b) and 0.283 of the Commission's Rules, IT IS ORDERED, That effective **September 5, 1989,** the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, IS AMENDED with respect to the community listed below, as follows:

City	Channel No.
Dothan, Alabama	238C, 259C1, 267A, 273A

5. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

6. The window period for filing applications on Channel 267A at Dothan, Alabama, will open on **September 6, 1989,** and close on **October 6, 1989.**

7. For further information concerning the above, contact Nancy Joyner, Mass Media Bureau, (202) 634-6530.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

FOOTNOTES

[1] These latter comments were filed subsequent to the cut-off deadline, and were not accompanied by a motion to accept or a certificate of service. Therefore, they constitute *ex parte* filings, and will not be considered.

[2] Coordinates used for Channel 263A are 31-13-07 and 85-30-34.

[3] Coordinates used for Channel 267A at Dothan are 31-12-13 and 85-19-54.

[4] Coordinates at the licensed site for Station WZTZ(FM) are 31-24-41 and 85-57-32.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 88-33

In the Matter of

Amendment of Section 73.202(b),	RM-6156
Table of Allotments,	RM-6428
FM Broadcast Stations.	
(Austin, Yoakum and Hallettsville, Texas)	

MEMORANDUM OPINION AND ORDER

Adopted: June 28, 1989; Released: July 20, 1989

By the Chief, Allocations Branch:

1. The Commission has before it a petition for reconsideration filed by Norman Jeweler ("Jeweler"), of the portion of the *Report and Order*, 54 FR 8743, March 2, 1989, which allotted Channel 260A to Hallettsville, Texas, as that community's first local FM service. In addition, the *Report and Order* substituted Channel 272C2 for Channel 272A at Austin, Texas, and modified the license of Station KPEZ(FM) at Austin to specify operation on the higher class co-channel. In order to accomplish the Austin substitution Channel 223A was substituted for Channel 272A at Yoakum, Texas. Oppositions were filed by Tom E. Donnelly ("Donnelly"), licensee of Station KRJH(AM), Hallettsville, Texas, and a prospective applicant for Channel 260A, and Clear Channel Communications, Inc., licensee of Station KPEZ(FM) at Austin.

2. On May 9, 1989, Jeweler filed a request for withdrawal of his petition for reconsideration. As requested, we shall dismiss the petition for reconsideration.

3. Accordingly, the Petition for Reconsideration filed by Norman Jeweler IS HEREBY DISMISSED.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 86-491

In the Matter of

Amendment of Section 73.202(b),	RM-5557
Table of Allotments,	RM-5396
FM Broadcast Stations.	RM-6538
(St. James and Blue Earth, Minnesota)	

MEMORANDUM OPINION AND ORDER
(Proceeding Terminated)

Adopted: June 28, 1989; Released: July 20, 1989

By the Chief, Policy and Rules Division:

1. The Commission has before it the petition for reconsideration filed by Rogers Broadcasting, Inc. ("Rogers Broadcasting"), licensee of Station KXAX, Channel 285A, St. James, Minnesota, directed against the *Report and Order* in this proceeding, 4 FCC Rcd 1260 (1989).[1] The *Report and Order* substituted Channel 283C2 in lieu of Channel 265A at Blue Earth, Minnesota, and modified the license of Station KJLY, Blue Earth, Minnesota to specify operation on Channel 283C2, and allotted Channel 263C2 to St. James, Minnesota. Minn-Iowa Christian Broadcasting, Inc. ("Minn-Iowa"), licensee of Station KJLY, filed an opposition to the petition for reconsideration. Rogers Broadcasting filed a petition for stay and St. James FM, Inc. filed an opposition to the petition for stay. For the reasons discussed below, we will deny the petition for reconsideration, and dismiss the petition for stay as moot.

BACKGROUND

2. This proceeding began with the filing of two separate petitions for rule making. The first petition, filed by Rogers Broadcasting, proposed the substitution of Channel 283C2 in lieu of Channel 285A at St. James, and modification of its Station KXAX license to specify operation on Channel 283C2. The second petition, filed by Minn-Iowa, proposed the substitution of Channel 283C2 in lieu of Channel 265A at Blue Earth, Minnesota, and modification of its Station KJLY license to specify operation on Channel 283C2. In response to the *Notice of Proposed Rule Making* setting forth these conflicting proposals, both Rogers Broadcasting and Minn-Iowa filed comments and counterproposals. In its counterproposal, Rogers Broadcasting proposed a Channel 283C2 allotment to Blue Earth and a Channel 263C2 (instead of the originally proposed Channel 283C2) allotment to St. James, thereby enabling both stations to upgrade to Class C2 facilities. Minn-Iowa also proposed these Class C2 allotments to Blue Earth and St. James. In addition, Minn-Iowa proposed that the existing Class A allotments at Blue Earth and St. James be exchanged in order for both of these stations to upgrade to adjacent channels pursuant to Section 1.420(g)(3) of the Commission's Rules. In regard to these counterproposals, we informally advised the parties to this proceeding that we would not consider the proposed Channel 263C2 allotment to St. James as part of a "incompatible channel swap" precluding other expressions of interest in this allotment.[2] In response to the October 7, 1988, Public Notice announcing the acceptance of this counterproposal, St. James Broadcasting Company stated an interest in filing an application for the proposed Channel 263C2 allotment at St. James.

3. Thereafter, on December 6, 1988, Rogers Broadcasting submitted a "Withdrawal of Petition for Rule Making." This submission read as follows:

> Rogers Broadcasting, Inc. (Rogers), licensee of FM Station KXAX, by its attorney, hereby withdraws its request to modify its license, as previously expressed in the above-captioned proceeding. In accordance with the attached statement, Rogers now desires to continue operating KXAX on Channel 285A.

The attached statement, signed by the president of Rogers Broadcasting, Inc., read as follows:

> Rogers Broadcasting Inc., hereby withdraws it's proposal for allocation of Channel 263C [sic] to St. James, Minnesota.
>
> KXAX will continue operating on Channel 285 at this present site.

The *Report and Order* substituted Channel 283C2 in lieu of Channel 265A at Blue Earth and modified the Station KJLY license to specify operation on Channel 283C2. In view of the expression of interest by St. James Broadcasting Company, the *Report and Order* also allotted Channel 263C2 to St. James and established a filing window for applications for this allotment. In doing so, the *Report and Order* specifically noted that no further analysis or comparative study of the proposed Station KXAX license modification on Channel 283C2 was necessary in view of the withdrawal of "its request to modify its license" and the stated intention to "continue operating" on Channel 285A.

4. In its petition for reconsideration, Rogers Broadcasting argues that we improperly solicited competing expressions of interest with respect to the counterproposal to allot Channel 263C2 to St. James, and that we misconstrued its December 6, 1988 withdrawal statement with respect to modification of its license to specify operation on Channel 283C2.

DISCUSSION

Solicitation of Interests for Channel 263C2 at St. James

5. Rogers Broadcasting argues that we committed error because the *Report and Order* did not specifically address the aspect of the Minn-Iowa counterproposal that Station KXAX and Station KJLY would first exchange channels so that Station KJLY would operate on Channel 285A at Blue Earth and Station KXAX would operate on Channel

265A at St. James. At that juncture, Station KJLY would have been able to upgrade to adjacent Channel 283C2 and Station KXAX would have been able to upgrade on Channel 263C2. In both cases, the Commission would not have entertained competing expressions of interest for the Class C2 allotment. *See Modification of FM Broadcast Licenses to Higher Class Co - Channel or Adjacent Channels*, 60 RR 2d 114 (1986).

6. In paragraph 24 of *Modification of FM Broadcast Licenses, supra*, the Commission discussed a somewhat analagous situation in which two Class A stations would enter into an agreement to exchange channels thereby enabling one station, with its new Class A channel, to obtain an adjacent channel upgrade without entertaining other expressions of interest. Such proposals would be considered on a case-by-case basis. We were unable to make a public interest finding in regard to the present Class A channel exchange looking toward adjacent channel upgrades at Blue Earth and St. James. First of all, the proposed Class A allotments would not comply with the minimum spacing requirements. A Channel 265A allotment at St. James would be short-spaced to Station KLQL, Luverne, Minnesota, and a Channel 285A allotment at Blue Earth would be short-spaced to Station KRFO, Owatonna, Minnesota, and Station KJJG, Spencer, Iowa. Second, a Channel 263C2 allotment at St. James would not be precluded by the licensed Channel 265A allotment at Blue Earth. As such, there is no reason not to consider this Class C2 allotment at St. James as either a channel for a Station KXAX upgrade or a new service by another party. In regard to St. James, we continue to believe that having both a Class C2 allotment and a Class A allotment at this community would provide the greatest public interest benefit. Our rules expressly provide for the consideration of competing expressions of interest in proposed non-adjacent channel upgrades to achieve such public interest benefit. Therefore, soliciting other expressions of interest for a Class C2 allotment in this case was not error.

Withdrawal of Petition for Rule Making

7. Our action dismissing the Rogers Broadcasting license modification request without further consideration did not constitute error. We acted in accordance with the clear and unambiguous language contained in the withdrawal statement and attached letter from the president of Rogers Broadcasting. We are not required to discern or speculate on the underlying "motive" or intent of the statement. The statement was identified as "Withdrawal of Petition for Rule Making." The only petition for rule making filed by Rogers Broadcasting was for the Channel 283C2 upgrade (Channel 263C2 was set forth in a counterproposal). In addition, both the statement and the letter unequivocally state that Rogers Broadcasting wishes to continue operating Station KXAX on Channel 285A. There is no mention whatsoever that Rogers Broadcasting wishes to pursue a Channel 283C2 upgrade. Furthermore, in regard to the Channel 263C2 upgrade request, we note that in view of the expression of interest by St. James Broadcasting Company in a Channel 263C2 allotment and the fact that Channel 263C2 can be allotted to St. James consistent with the minimum spacing requirements, Rogers Broadcasting was not in a position to have the Channel 263C2 proposal dismissed. As a consequence, any withdrawal by Rogers Broadcasting would, by implication, concern the Channel 283C2 proposal. Finally, we do no find persuasive the contention that counsel for Rogers Broadcasting was not authorized to seek dismissal of its Channel 283C2 upgrade request. Rogers Broadcasting is bound by the actions of its counsel. *See Hillebrand Broadcasting, Inc.*, 1 FCC Rcd 419,420 n.6 (1986).

8. Accordingly, pursuant to Section 0.283 of the Commission's Rules, the aforementioned petition for reconsideration filed by Rogers Broadcasting, Inc. IS DENIED.

9. IT IS FURTHER ORDERED, That the petition for stay filed by Rogers Broadcasting, Inc. IS DISMISSED as moot.

10. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

11. For further information concerning this proceeding, contact Robert Hayne, Mass Media Bureau, (202) 634-6530.

FEDERAL COMMUNICATIONS COMMISSION

Bradley P. Holmes
Chief, Policy and Rules Division
Mass Media Bureau

FOOTNOTES

[1] Public Notice was given on April 7, 1989 (Report No. 1774).

[2] The reason for this determination was that Channel 263C2 could be allotted to St. James and meet the minimum spacing requirements with respect to Station KJLY's licensed Channel 265A allotment at Blue Earth.

Before the
Federal Communications Commission
Washington, D.C. 20554

CC Docket No. 88-161

In the Matter of

Amendment of Part 22 of the
Commission's Rules to Revise Certain
Filing Procedures for Mobile Services
Division Applications and to Eliminate
Form 430

MEMORANDUM OPINION AND ORDER

Adopted: July 7, 1989; **Released: July 20, 1989**

By the Commission:

I. INTRODUCTION AND BACKGROUND

1. On November 16, 1988, the Commission released a *Report and Order* (*Report and Order*) [1] amending Part 22 of the Commission's rules to revise certain filing procedures for Mobile Services Division (MSD) applications. Nine parties filed petitions for reconsideration.[2] This *Memorandum Opinion and Order* (MO&O) resolves those petitions for reconsideration and other comments seeking modification of the *Report and Order*.

2. The *Report and Order* requires that all non-cellular and non-initial cellular applications, amendments, correspondence, pleadings, and forms, including attachments and exhibits over five pages, be submitted as a paper original with three microfiche copies. Because the *Report and Order* was found to impose new and modified reporting requirements on applicants, under the Paperwork Reduction Act of 1980, it was subject to approval by the Office of Management and Budget (OMB). [3] On February 27, 1989, OMB gave its two year approval subject to several conditions.[4] Consequently, the Commission delayed implementation of the microfiche requirement pending satisfaction of OMB's conditions, as well as resolution of the instant petitions for reconsideration.[5]

3. Petitioners argue that the Commission should reconsider the microfiche requirement because of the adverse economic consequences upon paging and cellular companies, especially those located in rural areas. They contend that the microfiche requirement places a tremendous burden on applicants in terms of both time and money. They are especially concerned that the requirement of submitting pleadings on microfiche will unduly burden applicants in terms of the time allocated to file pleadings. Because of the short filing deadlines for opposition and reply pleadings, petitioners suggest that they be allowed to file the microfiche copies within a reasonable time period after the paper original has been filed. They suggest that the Commission should microfiche all such filings or allow applicants to submit all microfiche copies within 30 days of the filings of the paper original. Further, they argue that the microfiche requirement is discriminatory against Part 22 applicants and licensees since such a requirement is not imposed on other Commission licensees. These arguments are discussed below.

II. DISCUSSION

A. Increased Cost and Administrative Burden

4. The majority of the petitioners argue that the Commission should reconsider and withdraw the microfiche requirement, because the requirement imposes significant burdens in terms of cost and the time required to file applications, particularly for applicants in areas where microfiche services are not readily available.[6] They allege that the *Report and Order* does not adequately address the additional financial cost and time involved in meeting the microfiche requirement.

5. While the petitioners admit that the cost of microfiching copies is relatively small, they assert that there are other financial costs in addition to the $25-$100 referred to in the *Report and Order* as the range of prices to obtain microfiche copies.[7] For example, applicants in areas that do not have a company which provides microfiche services will have to pay an additional fee to overnight express mail the document to an area that has a company capable of performing microfiche copying services. In addition, petitioners contend that they will often have to pay an additional fee to get their documents microfiched on an expedited basis. They argue that the 48 hour turnaround time to obtain microfiche copies at a company that was cited in the *Report and Order*,[8] is a minimum time. The usual turnaround time is more likely to be 4 to 5 days. Since time has to be allowed to review and proofread the microfiche when it is returned from the microfiche company, they argue that an application will have to be completed a week before it is due to be filed with the Commission. Any corrections or revisions, that are often made up until the filing deadline, will have to be made in an amendment. If the amendment is over 5 pages, they state that it will also have to be filed on microfiche, creating an additional cost. They note that to review microfiche they will have to purchase or have access to a microfiche reader. At a minimum, petitioners suggest that applicants be allowed to file on paper and submit microfiche copies at a later time. This, they contend, will eliminate the need to pay for expedited service in order to meet filing deadlines and prevent a delay in providing service to the public.

6. While we understand petitioners' concerns, we feel that these concerns were adequately addressed in the *Report and Order*.[9] No new arguments have been presented to persuade us that the microfiche requirement as a whole is an unreasonable burden on applicants in terms of time or money. The burden that is added in terms of time and money, as a result of the microfiche requirement, is not significant in terms of the overall cost involved in operating a cellular or paging company or in filing an application or pleading with the Commission. For the vast majority of licensees, who uses Washington counsel to file applications and pleadings, the microfiche requirement as a whole will not be unduly burdensome, in light of the changes we have made in Section II. B., *infra*. Many microfiche companies exist which can speedily and cheaply provide services, even for those residing in rural areas. Even if the 48 hour turnaround time is a minimum, and the usual turnaround time could be 4 or 5 days, this is

ample time to submit an application in a timely manner. As previously stated, overnight mail service is available for use by those in areas without microfiche services. In fact, recently, the Commission received approximately 288,000 applications on microfiche from applicants for rural cellular service.[10] It did not appear that these applicants were harmed by the previously instituted microfiche requirement or that they experienced any problem locating acceptable microfiche services.

7. The microfiche requirement will allow the Commission to provide better service to the public. It will save time by making it easier for the staff to locate files and return them to their proper place, and guarantee the integrity of Commission records. This in turn will increase the productivity of our staff and provide more efficient service to those who use the reference room. Without the microfiche requirement, we would not have the space to store the increasing number of MSD filings.

8. The petitioners, while suggesting that applicants in rural areas be exempt from the microfiche requirement, do not dispute the benefits derived by the staff in maintaining files on microfiche. The question then becomes whether the Commission could feasibly maintain a dual file system where most applicants filed on microfiche but others filed on paper. Such a dual system would entail a worse alternative than a complete paper system. Permitting some applicants to file paper copies and others to file microfiche copies would create an enormous administrative burden on our staff. The staff would have to maintain a dual filing system, one paper and one microfiche. Whenever the staff or the public needed to review a station file, two filing locations would have to be searched. The staff has first-hand knowledge of the difficulties such a dual filing system creates given that currently part of the records are on microfiche and the rest are on paper, pending the outcome of this Rule Making proceeding. Considering the tremendous number of filings that the MSD receives, an unacceptable administrative burden would be created in locating documents when needed by the staff or the public.

9. However, we do believe there are some additional steps we can take to minimize the burdens on the public. First, we will modify the *Report and Order* to exempt from the microfiche requirement emergency filings, such as the letter requesting special temporary authority (STA). However, if an application that was not previously filed must be submitted with the STA, then the application may be filed on paper and the microfiche copies within 15 calendar days thereafter. Second, as indicated in the next section, we are permitting pleadings with short deadlines to be filed on paper, and microfiche copies to be filed within 15 days thereafter in order not to shorten the deadline for filing pleadings. Moreover, we note that in the *Report and Order* we exempted from the microfiche requirement filings that are five pages or less, and we retain that exemption here.[11] Finally, if emergencies arise which prevent applicants from satisfactorily meeting the microfiche requirement, they may request waivers of the filing rules and an extension of time.[12] These measures will serve to minimize the burden placed on the applicants.

B. Insufficient Time to Microfiche Pleadings

10. Petitioners object to the inclusion of pleadings in the microfiche requirement.[13] They contend that the Commission violated §553 of the Administrative Procedure Act (APA)[14] because this requirement was not included in the Notice of Proposed Rule Making (*Notice*).[15] They also argue that the short filing deadlines for opposition and reply pleadings imposed by Section 1.45 of the Commission's rules[16] do not permit sufficient time for the preparation and submission of pleadings in microfiche form. They also request clarification on whether the number of paper copies that must be filed for pleadings will be the number required by Section 1.51 (c)(2) of the Commission's rules.[17] If pleadings are to be included, they suggest that microfiche copies of pleadings be filed within a reasonable period after the paper copies have been filed.

11. We do not agree with petitioners' contention that our failure to refer to pleadings in the *Notice* is a violation of §553 of the APA. The microfiche requirement would come under the third exception to 5 U.S.C. §553 as a rule of agency organization, procedure or practice.[18] The *Notice* specifically proposed to require that all correspondence be filed on microfiche. As we indicated in the *Report and Order*, pleadings are encompassed within this category. The APA does not apply to procedural rule changes. Therefore, the microfiche requirement as a procedural rule change would be exempt from the notice and comment requirement of the APA.

12. However, we agree with the petitioners that, because of the short filing period for opposition and reply pleadings, parties should be allowed to file the microfiche copy of these pleadings within a reasonable period of time after the paper copies have been filed. In response to this concern, we will modify the rule to permit an applicant or licensee to file the microfiche copies of opposition or reply pleadings within 15 calendar days after the paper copies have been filed. In addition, the number of paper copies for pleadings shall be reduced to an original and two copies.[19]

C. Inferior Quality of Microfiche Copies

13. Petitioners argue that the Commission should bear the burden of microfiching its own records. They allege that the quality of work done by microfiche companies outside of metropolitan areas varies greatly, and that mistakes made by contractors may affect parties' ability to submit filings in a timely manner. They contend that if the Commission microfiched all the filings, the copies would be uniform and the Commission would have control over the quality of the microfiche copies. In addition, they contend that the Commission could produce microfiche copies on a large scale in a more cost efficient manner than licensees.

14. Based on principles of equity and efficiency, we disagree with the petitioners that the Commission should bear the cost of microfiching the filings which are presented to it. Microfiching, similar to executing the original paper application, is a cost asssociated with the application process. As such, it is the applicant, as the potential beneficiary, and not the general taxpayer who should bear the cost of microfiching. In addition, licensees and other filers have the option to substantially reduce the costs of obtaining microfiche copies by entering –directly or indirectly– into a contract with a reputable firm, such as through a trade association, offering a bulk discount.[20] Such an arrangement would solve any problems that even small or rural companies might have in meeting our microfiche requirement.

15. Furthermore, we acknowledge that petitioners' proposal is an alternative to the one proposed by the Commission. However, at the present time the Commission does not have the administrative or financial resources to microfiche all MSD filings, and the Commission does not have the funds to hire a contractor to provide this service. While we do have some limited microfiching capability, and intend to microfiche filings of 5 pages or less, as well as emergency filings like STA's, we do not have sufficient equipment or staff to microfiche all filings. Moreover, the Commission does not have the in-house capability in terms of staff, equipment, and supplies to microfiche the high volume of approximately 500,000 pages that are filed annually with the MSD, nor the resources for expansion of this service.

D. Discrimination Against Part 22 Licensees

16. Petitioners also argue that the microfiche requirement discriminates against Part 22 licensees. They note that the microfiche requirement does not apply to other licensees. In fact, Telocator says that the Commission announced that it will implement a computer-based, optical- scanning and retrieval system in its mass media public reference rooms at no cost to mass media applicants. Petitioners allege that the use of microfiche is outdated and not within the overall future Commission information retrieval system. They suggest that the Commission wait until it can institute an information retrieval system on a Commission-wide basis.

17. Using microfiche as a substitute for paper filings is both cost-effective and well suited for the MSD processing environment. Microfiche is a preferred, cost-effective medium for storage of records which is accepted by the National Archives and Record Administration[21] and is widely used in business and government. The use of microfiche was selected for the MSD as a short-term, low-cost solution to a major, immediate problem of lack of space and the need to ensure the integrity of and ease of access to station files. Because of its widespread use, the costs associated with microfiche are economical. Microfiche also is a mature technology and, as a result, there are numerous businesses that produce microfiche copies and supply readers and copiers. Moreover, microfiche is compatible with other Commission information systems and databases, and the characteristics of microfiche ensure that it would not be costly to change from microfiche to another form of technology, should the need to do so arise in the future. At the present time, the Commission does not have the funds available to institute the use of optical image technology in any area of the Commission.

18. The microfiche requirement is being instituted in the MSD because for the past several years, as a result of technological advances in cellular technology and growing demand for cellular and paging services, the Commission has experienced a significant increase in filings by parties seeking cellular and paging system operating authority. Moreover, these filings are different from those associated with other services. There are often multiple sites for paging and cellular stations. They contain much more detailed information and they require that the MSD perform a full engineering analysis of each application to guarantee that there is no electrical interference to and from other operators. Since the MSD application requires extensive engineering studies, a relatively large amount of paper is filed and stored in the MSD. For these reasons, we find adequate justification in imposing the microfiche requirement in the MSD. Should other Bureaus and Offices be faced with similar problems in the future, we will examine appropriate alternatives suitable to their specific needs.

E. Exclusion of FCC Form 405

19. Lastly, petitioners note that FCC Form 405 was not included in the Report and Order and was not on the list of applications submitted to OMB for approval.[22] Petitioners contend that Form 405 should not be included in the microfiche requirement because of the massive filing of renewal applications for paging systems which took place in February 1989. Since that filing deadline has passed, petitioners' point has become moot. There is no reason why Form 405 should not be included in the list of applications that require microfiche copies. However, under the Paperwork Reduction Act such inclusion requires OMB approval. Since there will not be any renewal filing periods until the cellular renewals in two years, we intend to request this approval shortly. Until such time, we will not enforce the submission of Form 405 on microfiche.

F. Approval by OMB

20. OMB states that it accepts the Commission's contention that the change to microfiche will assist the MSD in better managing the volume of paper associated with filings and improve the public access to these filings. However, OMB believes that microfiche is only an interim solution to the MSD's problem. OMB has expressed several concerns regarding the Commission's plan to require applicants to file applications and related materials on microfiche. As a result, OMB approved the Commission's microfiche requirement, with the conditions specified previously in footnote 5. OMB's concerns were also raised by petitioners. As the previous discussion indicates we have modified our rules to ameliorate many of the concerns raised by the parties. We conclude that the modifications to our *Report and Order* made in this *Order* have satisfactorily addressed OMB's concerns and the conditions specified in its approval.

III. CONCLUSION

21. As noted earlier, the Commission has experienced a significant increase in filings in the MSD. This increase necessitated a change in filing procedures to resolve the problem of lack of space while ensuring the integrity and ease of access to station files. We selected microfiche as the best short-term, low cost solution to the problem. Microfiche is compatible with other Commission information systems and the characteristics of microfiche ensure that it would not be costly to change from microfiche to another form of technology should the need arise. The petitions for reconsideration have provided no new information or arguments to dissuade us to depart from this solution. However, based on suggestions in the petitions, as stated above, we will modify the *Report and Order* to reduce the disruption and cost to applicants. Accordingly, we affirm the requirement to have MSD applicants submit filings on microfiche with the indicated modifications.

IV. ORDERING PARAGRAPH

22. ACCORDINGLY, for the foregoing reasons, IT IS ORDERED, That the Petitions for Reconsiderations filed in CC Docket No. 88-161 are GRANTED to the extent set forth herein, and are otherwise DENIED.

23. IT IS FURTHER ORDERED, That Part 1 and Part 22 of the Rules ARE AMENDED as specified in Appendix B below. These amendments will become effective **September 25, 1989.**

FEDERAL COMMUNICATIONS COMMISSION

Donna R. Searcy
Secretary

APPENDIX A

Petitions for Reconsideration

1. Southwestern Bell Corporation (SBC)
2. BellSouth Corporation (BellSouth)
3. Telocator
4. Vega Cellular Consultants (Vega)
5. Pacific Bell, Nevada Bell, and Pactel Cellular (Pacific Companies)
6. Fisher, Wayland, Cooper & Leader (FWCL)
7. Blooston and Mordkofsky (B&M)
8. Dean George Hill
9. Shaffer & Associates

Reply Comments

1. Blooston, Mordkofsky, Jackson & Dickens
2. Telecomm Systems, Inc.
3. BellSouth Corporation
4. Federal Communications Bar Association, Land Mobile
5. Communication Center of Hawaii & Island Radio-Phone

APPENDIX B

AMENDED RULES SECTION

Title 47, Parts 1 and 22 of the Code of Federal Regulations is amended as follows:

1. The authority citation for Part 1 and Part 22 continues to read as follows:

Authority: Sections 1, 4(i) and 303(r) of the Communications Act of 1934, 47 U.S.C. Sections 151, 154(i) and 303(r), and Section 553 of the Administrative Procedure Act, 5 U.S.C. Section 553.

2. Section 1.45 is amended by revising paragraphs (a) and (b) to read as follows:

Section 1. 45 Pleadings ; filing periods.

Except as otherwise provided in this chapter, pleadings in Commission proceedings shall be filed in accordance with the provisions of this section.

(a) Oppositions. Oppositions to any motion, petition, or request may be filed within 10 days after the original pleading is filed. For matters related to Part 22 of the rules, three microfiche copies must be filed within 15 calendar days of the paper filing (see Section 22.6).

(b) Replies. The person who filed the original pleading may reply to oppositions within 5 days after the time for filing oppositions has expired. The reply shall be limited to matters raised in the oppositions, and the response to all such matters shall be set forth in a single pleading; separate replies to individual oppositions shall not be filed. For matters related to Part 22 of the rules, three microfiche copies must be filed within 15 calendar days of the paper filing (see Section 22.6).

* * * * *

3. Section 1.49 is amended by adding paragraph (e) to read as follows:

Section 1. 49 Specifications as to pleadings and documents.

* * * * *

(e) In addition to the provisions above, pleadings related to Part 22 of the rules, must also be submitted on microfiche. *See* Section 22.6 for specifications.

* * * * *

4. Section 1.51 is amended by revising paragraphs (c)(1) and (2) to read as follows:

Section 1. 51 Number of copies of pleadings, briefs and other papers.

* * * * *

(c) * * *

(1) If the paper filed relates to matters to be acted on by the Commission, an original and 4 copies shall be filed. If the matter relates to Part 22 of the rules, see Section 22.6.

(2) If the paper filed related to matters to be acted on by staff officials under delegated authority, an original and 4 copies shall be filed. If the matter relates to Part 22 of the rules, see Section 22.6.

* * * * *

5. Section 22.6 is amended by revising paragraph (d) to read as follows:

Section 22. 6 Filing of applications, fees, and numbers of copies.

* * * * *

(d) Except as otherwise specified, all applications, amendments, correspondence, pleadings and forms shall be submitted on microfiche with three microfiche copies, including exhibits and attachments thereto, and shall be signed as prescribed by Section 1.743 (*See* 22.913 for specific filing requirements for applications for initial cellular, and Section 22.923 for specific filing requirements for applications for rural cellular radio communications system authorizations.) Filings of five pages or less are exempt from the requirement to submit on microfiche, as well as emergency filings like letters requesting special temporary authority. Non-cellular and non-initial cellular applicants and those filing any amendments, correspondence, pleadings, and forms must simultaneously submit the original hard copy which must be stamped "original". In addition to the original hard copy, those filing pleadings under Part 22 of the rules shall also submit 2 paper copies as provided in Section 1.51 of the rules.

(1) *Microfiche Copies*. Each microfiche copy must be a copy of the signed original. Each microfiche copy shall be a 148mm X 105mm negative (clear transparent characters appearing on an opaque background) at 24X to 27X reduction for microfiche or microfiche jackets. One of the microfiche sets must be a silver halide camera master or a copy made on silver halide film such as Kodak Direct Duplicatory Film. The microfiche must be placed in paper microfiche envelopes and submitted in a 5" X 7.5" envelope. All applicants must leave Row "A" (the first row for page images) of the first fiche blank for in-house identification purposes.

FOOTNOTES

[1] 3 FCC Rcd 6684 (1988).

[2] The parties that filed petitions for reconsideration, along with parties filing responsive pleadings, are listed in Appendix A.

[3] The Paperwork Reduction Act of 1980 requires that agencies review recordkeeping requirements and reduce or eliminate those requirements wherever possible. 44 U.S.C. §§ 3501 and 3506.

[4] OMB gave its approval for two years subject to the following conditions:

1. This OMB approval is for a microfiche filings requirement for the FCC forms listed below (including associated documents) for public mobile radio services only. The forms at issue have been previously approved for FCC use . . . . The previous OMB approvals remain unaffected by this action.

Form 401 - Application for New or Modified Common Carrier Radio Station Authorization Under Part 22 . . .

Form 489 - Notification of Status of Facilities Under Part 22 . . .

Form 490 - Application for Assignment or Transfer of Control Under Part 22 . . .

2. For pleadings and petitions: 1)the paper filings of official/original document(s) will continue to be accepted within the periods determined in the FCC rules for such documents (47 CFR 1.45); and 2) the microfiche copies of the original filing will be permitted to be filed within some reasonable period thereafter, to be determined by the FCC.

3. FCC will exercise its discretion to waive the concurrent microfiche filing requirement for other circumstances when the filer could not reasonably have anticipated the need to prepare the filing and the delay associated with requiring concurrent submission of microfiche would substantially adversely affect the interests of the filer.

4. FCC should provide OMB with a revised burden estimate within 60 days of this action. Comments received on this information collection indicate that the FCC estimate is understated. In re-estimating the burden associated with this microfiche requirement, FCC should ensure that only the burden associated with this specific microfiche requirement is reported under this approval number, and that the time and cost involved in compying with the microfiche filing requirement is captured in the burden estimate."

Letter from the Office of Information and Regulatory Affairs to the Federal Communications Commission (February 23, 1989).

[5] All parties in this proceeding, including those who have not filed formal petitions, will be referred to collectively as "petitioners".

[6] Robert R. Rule, a licensee from Wyoming has indicated that there are no microfiche facilities in his state.

[7] 3 FCC Rcd at 6684.

[8] *Id.*

[9] *Id.*

[10] In 1985, the Commission adopted the requirement that initial cellular applications be filed on microfiche. *Cellular Lottery Reconsideration*, 101 FCC 2d 577, 604 (1985).

[11] *Id.*

[12] Section 22.19 of the Commission's Rules provides in pertinent part that, "waivers of these rules may be granted upon application or by the Commission on its own motion. Requests for waivers shall contain a statement of reasons sufficient to justify a waiver . . . ." In considering a waiver request to submit microfiche copies at a later time than the paper original, we will consider the overall circumstances and facts involved in the request. An applicant is expected to provide the Commission with specific facts to indicate the existence of unique, extraordinary, and unavoidable circumstances that prevent the applicant from submitting its microfiche copies along with the paper original, pleading or application. A person's rural or otherwise isolated or inaccessible location would be one factor together with others that might justify granting a waiver or an extension of time in which to file the microfiche copies.

In addition, in some circumstances such a short time period may arise so as to prevent a competing applicant from being able to file microfiche copies of a mutually exclusive application that a waiver of the microfiche filing requirement would be warranted. We should note, however, that applicants have a duty to review the Commission's public notice listings. Competing applications may be filed up to 60 days after the first filed application goes on public notice. As we have concluded in this

order, any filing deadline of 30 days or more should give applicants and other filers sufficient enough time in which to file microfiche copies together with paper originals. Notwithstanding the fact that a person may justify a waiver by the microfiche rules, applicants and other filers must still file the paper original in accordance with existing deadlines. *see, e. g., Waivers of Application Filing Deadlines*, 58 Rad. Reg. 2d (P&F) 1706 (1985) and *Kennebec Valley Television, Inc.*, 3 FCC Rcd 4522 (1988). Any request for waivers of the microfiche requirement must be attached to the front of the paper application. And regardless of any action that we may take with regard to the waiver request, the microfiche copies must be filed within 15 calendar days of the date the paper application is filed.

[13] 3 FCC Rcd 6685.

[14] 5 U.S.C. §553. The APA requires that an agency give the public notice and an opportunity to comment before the agency promulgates a final rule. Section 553 provides the notice requirements for Rule Makings.

[15] 3 FCC Rcd 2172 (1988).

[16] Section 1.45 of the rules states in pertinent parts that: (a) . . . . Oppositions to any motion, petition or request may be filed within 10 days after the original pleading is filed.

> (b) . . . . The person who filed the original pleading may reply to oppositions within 5 days after the time for filing oppositions has expired. . . .

[17] Section 1.51(c)(2) of the rules states in pertinent part that,

> (c) In matters other than Rule Making and hearing cases, the following number of copies shall be filed:
>
> . . .
>
> (2) If the paper filed relates to matters to be acted on by staff officials under delegated authority, an original and 4 copies shall be filed.

[18] 5 U.S.C. § 553(b)(A) states in pertinent part that,

> (b) General notice of proposed rule making shall be published in the Federal Register, . . . this subsection does not apply-
>
> (A) to interpretative rules, general statements of policy, or rule of agency organization, procedure, or practice; . . .

[19] The original is for staff use, one copy for the public, and one copy for the Commission's contractor, currently International Transcription Service, Inc.

[20] Microfiche companies will proofread microfiche copies for their customers. This should reduce the necessity of a filing party to review the microfiche copies prior to filing. Nevertheless, parties remain responsible for the completeness of their filings. So long as the paper filing is correct and legally sufficient, we will not dismiss an application or other document solely on the ground that the microfiche copies have such mistakes, but rather we will ask the applicant to file correct microfiche copies in a prompt fashion.

[21] 36 C.F.R. §§ 1230.2 and 1230.10(b).

[22] FCC Form 405 is the Application for Renewal of Radio Station License in Specified Services.

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

MTS and WATS Market Structure	**CC Docket No. 78-72**
Amendment of Part 36 of the Commission's Rules and Establishment of a Joint Board	**CC Docket No. 80-286**

DECISION AND ORDER

Adopted: June 29, 1989; Released: July 20, 1989

By the Commission: Commissioner Dennis issuing a separate statement.

I. INTRODUCTION

1. This Commission instituted the present phase of this proceeding to re-examine the separations treatment of "mixed use special access lines,"[1] and asked the Federal-State Joint Board in CC Docket No. 80-286 (Joint Board) to prepare recommendations concerning these issues.[2] The Joint Board recently issued its recommendations for changes in the separations treatment of mixed use special access lines. [3] In this Order, we adopt the Joint Board's recommendation.

II. JOINT BOARD RECOMMENDATION

2. At present, the cost of special access lines carrying both state and interstate traffic is generally assigned to the interstate jurisdiction. The Joint Board found that state interests are better served by permitting states to regulate charges for intrastate private line systems carrying small amounts of interstate traffic than by the current approach, under which the addition of even a *de minimis* amount of interstate traffic can result in the classification of a line as interstate.[4] Accordingly, the Joint Board recommended that this Commission adopt new separations procedures directly assigning the cost of mixed use special access lines to the intrastate jurisdiction when the lines carry *de minimis* amounts of interstate traffic in addition to intrastate traffic. The Joint Board proposed that interstate traffic be deemed *de minimis* when it amounts to ten percent or less of the total traffic on a special access line. Under its recommendation, the cost of a mixed use line would be directly assigned to the interstate jurisdiction if the line carried a greater proportion of interstate traffic.

3. The Joint Board also concluded that the administrative benefits of this rule could best be achieved through certification by customers that each of their special access lines carries more than a *de minimis* amount of interstate traffic. In order to ensure that the benefits of direct assignment were not lost through burdensome verification requirements, the Joint Board proposed a carefully circumscribed, uniform system of verification for use with the proposed separations procedures.[5]

4. The Joint Board declined to adopt proposals for allocating the cost of each mixed use special access line between the state and federal jurisdictions based on relative use or a fixed allocation factor because any benefits generated by these methods would be greatly outweighed by their disadvantages. The Joint Board noted that a usage based allocation of mixed use lines would require additional traffic studies that would not be necessary if mixed used lines are directly assigned and stated that such a usage allocation would undermine efforts to simplify the separations process, necessitate changes in the LECs' billing systems, and complicate the tariffing and billing for special access lines. The Joint Board found that a usage-based allocation would also tend to undermine economic efficiency. The Joint Board concluded that proper recognition of state regulatory interests and a reduction in the opportunities for tariff shopping could be achieved under a direct assignment methodology without the substantial administrative difficulties or undesirable effects on economic efficiency inherent in an allocation-based apportionment method.

5. The Joint Board did not recommend direct interstate assignment of the cost of all mixed use special access lines because the Joint Board concluded that such a method would undermine state regulatory authority by allowing customers to avoid state tariff regulation through the addition of *de minimis* amounts of interstate traffic to private line systems carrying primarily intrastate communications. Based on the record in this proceeding, the Joint Board found that the conflicts concerning state versus federal tariffing of special access service have generally involved largely intrastate systems carrying small amounts of interstate traffic. As a result, the Joint Board stated that intrastate assignment (and consequently intrastate tariffing) of special access lines carrying *de minimis* amounts of interstate traffic was appropriate and sufficient to address existing problems. The Joint Board concluded that more substantial changes in the *status quo* were not necessary or desirable.[6] In making these recommendations, the Joint Board also recognized that the issues raised by dual jurisdictional use of special access lines might need to be re-examined in the future due to changes in telecommunications technology and in the way such services are provided.

III. DISCUSSION

6. We believe that the separations procedures recommended by the Joint Board for mixed use special access lines resolve existing concerns in a manner that reasonably recognizes state and federal regulatory interests and fosters administrative simplicity[7] and economic efficiency. These measures avoid the disadvantages in terms of administrative complexity, customer confusion, and economic inefficiency inherent in alternative methods. We therefore adopt the Joint Board's recommendation. In doing so, we also adopt the Joint Board's reasoning in support of its recommendation as our own.

7. We recognize that, under the new separations procedures, some intrastate traffic may be carried over federally assigned and tariffed special access lines and some interstate traffic may be carried over state assigned and tariffed special access lines. As the Joint Board recognized, however, jurisdictional separations is not an exact science, and the procedures involved must reflect administrative and other practical concerns in dividing costs between the

jurisdictions.[8] Based on the record in this proceeding, we agree with the Joint Board's conclusion that the new separations procedures for mixed use special access lines are consistent with *Smith* v. *Illinois Bell Telephone Co.*, 282 U.S. 133 (1930), and the subsequent court decisions.[9] We also believe that the tariffing implications of the new separations rules (*i. e.*, that some interstate traffic will be carried over state tariffed lines and vice versa) is in these circumstances consistent with the system of federal and state regulation established in the Communications Act, which provides a central role for the separations process in determining the scope of state and federal ratemaking authority.[10] Thus, we conclude that the proposed separations procedures properly reflect the dual jurisdictional regulatory structure of the Act.

IV. CONCLUSION

8. For the reasons discussed above, we adopt the Joint Board's recommendations for the separation of investment in mixed use special access lines. Based on the present record, we agree with the Joint Board's conclusion that the new separation procedures will resolve existing problems and accord proper recognition to state and federal regulatory interests while promoting administative simplicity and economic efficiency.[11]

ORDERING CLAUSE

9. Accordingly, we adopt the revisions to Part 36 of the Commission's rules recommended by the Joint Board as shown in the Appendix,[12] below effective **January 28, 1990.** [13]

FEDERAL COMMUNICATIONS COMMISSION

Donna R. Searcy
Secretary

APPENDIX

Title 47 of the Code of Federal Regulations, Part 36, is amended to read as follows:

1. The authority citatition for Part 36 continues to read as follows:

AUTHORITY: Secs. 1, 4 (i) & (j), 205, 221 (c), 403 & 410, as amended, 47 U.S.C. 151, 154 (i) & (j), 205, 221 (c), 403 & 410.

2. Section 36.154 (a) is amended by revising subcategory 1.1 and subcategory 1.2 to read as follows:

(a) * * * * *

Subcategory 1.1 - State private lines and state WATS lines. This subcategory shall include all private lines and WATS lines carrying exclusively state traffic as well as private lines and WATS lines carrying both state and interstate traffic if the interstate traffic on the line involved constitutes ten percent or less of the total traffic on the line.

Subcategory 1.2 - Interstate private lines and interstate WATS lines. This subcategory shall include all private lines and WATS lines that carry exclusively interstate traffic as well as private lines and WATS lines carrying both state and interstate traffic if the interstate traffic on the line involved constitutes more than ten percent of the total traffic on the line.

* * * * *

FOOTNOTES

[1] This term describes special access lines (including WATS access lines) carrying both state and interstate traffic.

[2] MTS and WATS Market Structure and Amendment of Part 67 of the Commission's Rules, 1 FCC Rcd 1287 (1986) (*Order Inviting Comments*). After initiation of this phase of the proceeding, the name of the proceeding was changed to reflect the fact that the separations rules formerly contained in Part 67 have been revised and incorporated in Part 36 of the Commission's rules.

[3] MTS and WATS Market Structure and Amendment of Part 36 of the Commision's Rules, FCC 89J-1, released February 8, 1989 (*Recommended Decision*).

[4] For further discussion of the present separations and tariff treatment of mixed use special access lines see the Joint Board's *Recommended Decision*, *supra* note 2, at para. 4.

[5] In particular, the Joint Board stated that the LECs should only require verification when the customer representations involved appear questionable, and that such verification should be limited to general information on system design and functions whenever possible. Absent extraordinary circumstances, the Joint Board stated that the LECs should not require usage information for purposes of verification unless this information is already available without special studies.

[6] For the full text of the analysis underlying the Joint Board's recommendations, *see Recommended Decision*, *supra* note 2, at paras. 22-35.

[7] We wish to emphasize the importance of the carefully circumscribed verification procedures recommended by the Joint Board. As the Joint Board recognized, traffic on many special access lines cannot be measured at present without significant additional administrative efforts. In many cases, even the end user does not have precise information on traffic patterns, although such customers should have sufficient information on relative state and interstate traffic volumes, for purposes of this rule, based on system design and functions. While we expect customers to act in good faith when certifying the nature of their traffic based on existing information, we do not expect special access customers to perform additional traffic studies for this purpose. To mandate a more rigorous approach would seriously undermine the administrative benefits of the separations procedures recommended by the Joint Board.

[8] *See Recommended Decision*, *supra* note 3, at notes 114 and 139.

[9] *See, especially, Colorado Interstate Gas Co. v. FPC*, 324 U.S. 581 (1945).

[10] For example, in *Louisiana v. FCC,* 106 S. Ct. 1890 (1986), the Supreme Court relied on the existence of separations procedures that allocate investment between the state and federal jurisdictions in concluding that disparate depreciation treatment could be used for purposes of state and interstate ratemaking.

[11] We certify that the Regulatory Flexibility Act, 5 U.S.C. § 601, *et. seq.* (1982), is not applicable to the rule changes we are adopting in this proceeding. In accordance with the provisions of Sections 605 of that Act, a copy of this certification will be sent to the Chief Counsel for Advocacy of the Small Business Administration at the time of publication of this order in the Federal Register. As part of our analysis in this order, however, this Commission has considered the impact of its decision on small telephone companies, *i. e.*, those serving 50,000 or fewer access lines. Because of the nature of local exchange and access service, this Commission concluded that small telephone companies are dominant in their fields of operation and therefore are not small entities as defined by the Regulatory Flexibility Act. *See MTS and WATS Market Structure,* 93 FCC 2d 241, 338-39 (1983). Thus, this Commission is not required by the terms of that Act to apply the formal procedures set forth therein. We are nevertheless committed to reducing the regulatory burdens on small telephone companies whenever possible consistent with our other public interest responsibilities. Accordingly, we have chosen to utilize on an informal basis, appropriate Regulatory Flexibility Act procedures to analyze the effect of proposed regulations on small telephone companies. This decision recognizes the needs of small telephone companies by adopting separations procedures that foster administrative simplicity, and allowing ample time for implementation.

[12] This action is taken pursuant to Sections 1, 2, 4, 201, 202-203, 205, 218, 221(c), and 410(c)of the Communications Act as amended, 47 U.S.C. §§ 151, 152, 154, 201, 202-203, 205, 218, 221(c), and 410(c).

[13] We expect the LECs to take appropriate steps to implement this change in the separations rules and ensure that their customers obtain special access lines from the applicable tariff. In order to facilitate this, we are directing the LECs to revise their interstate access tariffs to specify, consistent with the terms of this Order, when a customer may obtain special access from that tariff. The tariff should describe the carrier's procedures to ensure that customers obtain service from the proper tariff, bearing in mind the verification procedures recommended by the Joint Board and our previously expressed concerns about the reasonableness of verification procedures contained in the access tariffs. We will expect the LECs to enforce these tariff provisions as required by Section 203 of the Communications Act, 47 U.S.C. § 203.

SEPARATE STATEMENT OF COMMISSIONER PATRICIA DIAZ DENNIS

In Re: MTS and WATS Market Structure (CC Docket No. 78- 72); Amendment of Part 36 of the Commission's Rules and Establishment of a Joint Board (CC Docket No. 80-286).

I join in the Commission's action with the understanding that our decision to assign special access lines carrying *de minimus* amounts of interstate traffic to the intrastate jurisdiction will not frustrate or defeat important federal policies. *Cf. Diamond International, Inc. v. FCC,* 627 F.2d 489 (D.C. Cir. 1980). If a state impinges on signficant federal policies such as promoting competition, or eliminating use restrictions on interstate facilities or services, or should a state discriminate against interstate communications, *New York Telephone Company v. FCC,* 631 F.2d 1059 (2nd Cir. 1980), the Commission can and should assert its jurisdiction.*

FOOTNOTE FOR STATEMENT

* The Commission's jurisdiction does not depend on the degree of interstate use of a jointly used interstate/intrastate facility, *North Carolina Utilities Commission v. FCC,* 552 F.2d 1036 at 1046 (4th Cir. 1977), *cert denied* 434 U.S. 874 (1978). An attempt by the Commission to abdicate its jurisdiction to the states would raise serious legal questions, *Southern Bell Telephone Company v. FCC,* 781 F.2d 209 at n.9 (D.C. Cir. 1986).

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

AT&T Communications — Transmittal No. 1660

Revisions to Tariff
F.C.C. Nos. 1 and 2

ERRATUM

Released: July 20, 1989

1. On July 10, 1989, the Common Carrier Bureau released an Order, DA 89-788, regarding the above-captioned tariff transmittal. The following corrections are made to that Order.

2. The caption to the Order is corrected to read: "Revisions to Tariff F.C.C. Nos. 1 and 2."

3. Paragraph 2 of the Order is revised by striking the first sentence and inserting in lieu thereof the following two sentences to read as follows: "On June 29, 1989, US Sprint Communications Corporation Limited Partnership (US Sprint) and MCI Telecommunications Corporation (MCI) filed petitions to reject, or to suspend and investigate, AT&T's proposed tariff revisions. On July 5, 1989, AT&T filed a reply to these petitions."

4. The Order is further revised by inserting the following paragraphs after paragraph 2, and redesignating the subsequent paragraphs accordingly:

> "3. MCI in its petition claims that AT&T is proposing a promotion that not only abuses the Commission's special permission tariff filing processes, but is impermissible under the Commission's price cap regime, which requires AT&T to file its promotions on 45 days' notice. It states that the adoption of price cap rules for AT&T involved the balancing of a number of conflicting interests and concerns that resulted in significant compromises. MCI further claims that AT&T has not shown why adherence to the new rules would not serve the public interest, nor has it shown that its compliance with the rules will create any unnecesary burden.
>
> "4. In its reply, AT&T states that the only claims raised by the petitioners which are relevant to the tariff revisions simply restate conclusory arguments about the sufficiency of AT&T's demand and financial data. AT&T insists that petitioners' objections to AT&T's demand and cost analyses are incorrect, and fail to meet the stringent legal standards required to suspend or reject a tariff."

5. In paragraph 5, as redesignated, strike "US Sprint's petition" and insert in lieu thereof "the pleadings".

6. The last paragraph of the Order is revised to read as follows:

"6. Accordingly, IT IS ORDERED that the petitions to reject or alternatively to suspend and investigate the captioned transmittal filed by US Sprint Communications Corporation Limited Partnership and MCI Telecommunications Corporation ARE DENIED."

FEDERAL COMMUNICATIONS COMMISSION

Gerald Brock
Chief, Common Carrier Bureau

Before the
Federal Communications Commission
Washington, D.C. 20554

In re Application of

GARDNER ENTERPRISES, INC. File No. 10027-CL-P-344-A-88

For a construction permit to establish a new cellular system to operate on Frequency Block A in the Domestic Public Cellular Telecommunication Radio Service to service the California - 9 (Mendocino) Rural Service Area

MEMORANDUM OPINION AND ORDER

Adopted: July 11, 1989; Released: July 20, 1989

By the Chief, Mobile Services Division:

I. BACKGROUND

1. On February 16, 1989, Gardner Enterprises Inc. (Gardner) was named tentative selectee for the non-wireline Block A construction authorization for the California - 9 (Mendocino) Rural Service Area (RSA), market number 344-A.[1] Sunshine Cellular (Sunshine), a mutually exclusive applicant, filed a petition to deny and Gardner filed a reply.

II. CONTENTIONS OF THE PARTIES

2. In its petition to deny, Sunshine argues that Gardner did not demonstrate its financial qualifications as required by Section 22.917(c) of the Commission's Rules. Sunshine asserts that Gardner, who relied on personal or internal sources of financing, failed to provide an audited financial statement certified within one year of the date it filed its cellular application. Sunshine further maintains that the letter submitted by Gardner which was prepared by Gardner's certified public accountant was not a certified letter of audit. Rather, the accounting firm made no effort to verify specific representations of financial worth and "merely compiled information provided to it by Robert J. and Patricia A. Gardner." Petition at 2. Sunshine contends that an audit is a long complicated procedure, requiring painstaking efforts on the part of the auditor to ensure that the statements made are true and correct, and that Gardner's accounting firm did not audit or evaluate Gardner's financial statement.

3. In its opposition to Sunshine's petition to deny, Gardner contends that its financial showing complies with the essential purposes of Section 22.917(c)(6) of the Commission's Rules and requests a waiver of the specific "audit" requirement contained in the Rule. Gardner maintains that (1) the requirement that the financial statement be certified within one year is fully met by the application, (2) its application provides the Commission with a high degree of documented assurance that the internal funds relied upon are adequate, liquid, and currently available for the intended purpose, and (3) an independent certified public accountant who, under penalty of perjury, attests to and verifies the fairness and accuracy of the financial showing contained in its application. In addition, Gardner argues that the Commission has not, in the context of RSA applications or elsewhere, defined precisely what is meant by an "audit" and that Gardner's accountant reviewed and tested all representations made by Gardner regarding net liquid assets in accord with sound accounting practices.

III. DISCUSSION

4. Section 22.917(c)(6) of the Commission's Rules, provides, in pertinent part, that "[N]on-wireline applicants intending to rely on personal or internal resources must submit - (i) Audited financial statements certified within one year of the date of the cellular application, indicating the availability of sufficient net current assets to construct and operate the proposed cellular system for one year...." The first issue which needs to be addressed is what the term "audit" means with regard to this rule subsection. In the *Fourth Report and Order*, CC docket No. 85-388, 64 Rad. Reg. 2d (P & F) 1391 (1988), *recon. denied, Fourth Order on Reconsideration*, 4 FCC Rcd 4464 (1989), the Commission adopted this subsection as part of new and stricter requirements for financial qualification showings with regard to cellular RSA applications. In the *Report and Order*, at paragraph 2, the Commission stated clearly its desire to maintain the integrity of its licensing processes by limiting eligibility for RSA applicants to those who sincerely intend, and are actually able to provide, high quality cellular service. At paragraph 33 of the *Report and Order*, the Commission stated, in pertinent part, that "those applicants intending to rely on personal or internal resources to finance their cellular proposals must submit financial statements certified within one year of the date of the cellular application, indicating the availability of sufficient net current assets to construct and operate the proposed cellular system for one year."

5. The Commission's intent in adopting Section 22.917(c)(6) was to ensure that applicants which relied on internal financing submit proof that they have sufficient funds to construct and operate a cellular system. The Commission determined that it was insufficient to accept an affidavit from the applicant that sufficient funds were available and reasoned that verification by an independent source, qualified to provide such an assessment, was necessary. The American Institute of Certified Public Accountants defines a certified audit to be an express opinion that the information contained in a financial statement is a fair representation of the finances therein, that it contains no material misrepresentations, and that it is presented in accordance with generally accepted accounting principles.[2] The accountant is responsible for taking whatever steps are appropriate in the circumstances to provide the certification. In its application, Gardner's accountant stated at one point that he was simply compiling information submitted by the Gardners; yet, at another point he stated that the information was compiled in compliance with Section 22.917(c) of the Commission's rules. Gardner asserts that it has made a substantial effort to comply with the rule and that it has complied with the purpose and intent of the rule. In its

application, Gardner states that the $1.644 million required for start up, construction, and first year's operation will be supplied by its sole owners, Robert and Patricia Gardner, from their personal financial resources. The Gardners showed that they had net liquid assets of $2.284 million, based upon a "Statement of Financial Condition-Net Liquid Assets" prepared by an independent certified public accountant. [3] Gardner's certified public accountant states that his "Statement of Financial Condition" verified the representations made by the Gardners regarding net liquid assets owned and unencumbered. Reply at Exhibit B. The record shows that Gardner's accountant independently confirmed the actual market value of applicant's assets and performed an audit on those particular assets needed to substantiate the $1.644 million required to satisfy Section 22.917(c)(6). Therefore, we believe that the accountant's "Statement of Financial Condition" establishes that Gardner has sufficient net current assets to construct and operate the proposed cellular system for one year and that the accountant did perform an "audit" within the meaning of Section 22.917(c)(6) since he independently verified[4] the relevant financial information in accord with generally accepted accounting principles. Therefore, Petitioner's assertion that the Gardner's accountant made no attempt to verify or evaluate the applicant's financial representations is not supported by the facts in this case.

6. However, while Gardner's accountant did audit the financial representations of the applicant, the application did not contain a certification that the audited financial statement fairly reflected the true amount of the applicant's net current assets as required by the Rule. In determining whether to grant a request for waiver of the rule in question, we are guided by Section 22.19 of the Commission's Rules. 47 C.F.R. §22.19.[5] It is undisputed that Gardner's financial showing does not strictly comply with this requirement because no certification accompanied his financial statement. Mr. Morris states in his affidavit that he expressed his opinion that the Gardner's financial statement fairly represented the Gardner's net current assets and that his review of the Gardner's financial situation and preparation of the financial statement were conducted in accordance with standard accounting practices. This statement, in substance, complies with the certification requirement contained in Section 22.917(c)(6). We find that failure to include this statement with the application is a minor error in the particular facts of this case given that the audit was completed prior to filing the application and the financial statement itself was contained in the application. In these circumstances, we will waive the "certification" requirement of Section 22.917(c)(6). To do otherwise would, in essence, exalt form over substance and ignore the presence of a high degree of independent verification and documentary support for the Gardner's claim that their financial showings comply with the purpose and policy of the Rules.

7. In view of the foregoing, we believe the public interest would not be served by inflexibly applying the certification provision of Section 22.917(c)(6) and a waiver of this provision is granted. Our grant of a waiver in this case will not undermine the policies served by the rule section at issue.

IV. CONCLUSION AND ORDERING PARAGRAPHS

8. After carefully reviewing the facts and circumstances in this record before us, we grant the application of Gardner Enterprises Inc. Further, we find that Gardner Enterprises Inc. has been found to be legally, financially and technically qualified to construct and operate the requested facilities.

9. Accordingly, IT IS ORDERED, pursuant to Section 0.291 of the Commission's Rules, that the application of Gardner Enterprises Inc., File No. 10027-CL-P-344-A-88, IS GRANTED. This authorization does not include the right to any interference protection in any areas outside the California 9-Mendocino RSA and is also conditioned upon coordinating with the current or future licensee(s) in the areas outside the RSA. The licensee herein is put on notice that in the event current or future MSA/RSA licensees encounter interference from any extensions, the licensee herein will have to change frequencies in those cells or pull back its 39 dBu contours to eliminate any interference due to an extension.

10. IT IS FURTHER ORDERED that the petition to deny filed by Sunshine Cellular IS DENIED.

11. IT IS FURTHER ORDERED that all non-wireline cellular applications in the Mendocino, California RSA, other than the application of Gardner Enterprises Inc., ARE HEREBY DISMISSED.

FEDERAL COMMUNICATIONS COMMISSION

Gregory J. Vogt
Chief, Mobile Services Division
Common Carrier Bureau

FOOTNOTES

[1] Public Notice, Report No. CL-89-89 (February 16, 1989).

[2] The American Institute of Certified Public Accountants defines auditing standards as follows:

> The objective of the ordinary examination of financial statements by the independent auditor is the expression of the opinion on the fairness with which they present financial position, results of operations, and changes in financial position in conformity with generally accepted accounting principles. The auditor's report is the medium through which he expresses his opinion or, if circumstances require, disclaims an opinion. In either case, he states whether his examination has been made in accordance with generally accepted auditing standards. These standards require him to state whether, in his opinion, the financial statments are presented in conformity with generally accepted accounting principles, and whether such principles have been applied in the operation of the financial statements of the current period in relation to those of the preceding period. *AICPA Professional Standards*, Statements on Auditing Standards, AU Section 110.01 (1984).

[3] The Gardner's certified public accountant, Mr. James T. Morris of Morris & Associates, has been an accountant for 15 years. He states that it would have been very difficult and would

not constitute, in his professional judgment, sound accounting practice, to conduct and complete a full audit of the Gardner's financial statement in the period between release of the revised financing rule (Section 22.917(c)(6)) and the date by which the application had to be completed. In light of a seven week time restraint, he states that he prepared a financial showing statement which reflected a thorough review and independent confirmation of the Gardner's net liquid assets available to satisfy the filing and financial requirements of the Commission. Reply at Exhibit B.

[4] We note that some potentially usuable assets were rejected by the independent accountant, because, for one reason or another, their inclusion did not meet his concept of the Commission's standards of verification or definition as a net liquid asset. Reply at Exhibit B.

[5] Section 22.19 provides in pertinent part:

> (a) Request for waivers. (1) Waivers of these rules may be granted upon application or by the Commission on its own motion. Requests for waivers shall contain a statement of reasons sufficient to justify a waiver. Waivers will not be granted except upon an affirmative showing:
>
> (i) That the underlying purpose of the rule will not be served, or would be frustrated, by its application in a particular case, and that grant of the waiver is otherwise in the public interest; or
>
> (ii) That the unique facts and circumstances of a particular case render application of the rule inequitable, unduly burdensome or otherwise contrary to the public interest. Applicants must also show the lack of a reasonable alternative.

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of
Request for Waiver of

William T. Gerrard d/b/a
Air Space Radio Systems LJF-86
1700 South Dixie Highway
P.O. Box 10
Boca Raton, Florida 33429-0010

For a Waiver of the Rules to Allow
Two-Way Use of an Unpaired Multiple
Address System Frequency that is
Allocated for One-Way Operation

ORDER

Adopted: June 2, 1989; Released: July 18, 1989

By the Chief, Land Mobile and Microwave Division:

I. INTRODUCTION

1. William T. Gerrard, d/b/a Air Space Radio Systems (Air Space) seeks reconsideration of a Private Radio Bureau decision that resulted in the denial of its request for waiver of Section 94.65(a)(1)(i) of the Commission's Rules, 47 C.F.R. § 94.65(a)(1)(i), and the dismissal of its application for a multiple address system (MAS) in the Dallas, Texas area (File No. 742452). Air Space seeks waiver of Section 94.65(a)(1)(i) to permit full duplex use of an unpaired MAS frequency allocated for simplex or half-duplex use.[1]

2. Air Space now argues that the Bureau erred in its determination because the Commission's Rules do not expressly preclude the use of unpaired MAS frequencies in a full duplex mode. Alternatively, Air Space argues that a rule waiver would be in the public interest because its proposal is intended to maximize the use of the available multiple address spectrum. For the reasons discussed below, we are granting Air Space's request for reconsideration and waiver because waiver relief will maximize spectrum utilization and there is no alternative solution under the existing rules that will permit Air Space to operate a full duplex MAS system in the Dallas, Texas area.

II. BACKGROUND

3. On May 23, 1988, Air Space filed an application for a new full duplex two-way multiple address radio system in the Dallas, Texas, area. Air Space proposed the use of two frequencies, namely: 928.8875 MHz, which is available for shared use between private radio licensees and common carrier licensees in the Domestic Public Land Mobile Radio Service (DPLMRS) in either a paired or unpaired configuration in accordance with Section 94.65(a)(1)(iii) of the Commission's Rules; and 956.2875 MHz, which is designated by Section 94.65(a)(1)(ii) as an unpaired frequency that is normally available for use by one-way MAS facilities. Air Space's application, however, proposed to use this unpaired frequency in a paired configuration. Air Space's application was, therefore, accompanied by a request for waiver of the Commission's Rules.

4. Air Space's waiver request was denied, however, and its application was dismissed on December 21, 1988 on the grounds that Air Space should consider an alternative half-duplex system design as other applicants facing a shortage of available paired MAS frequencies have done. Air Space, on January 23, 1989, filed the instant petition for reconsideration asking reversal of the determination that use of the frequency 956.2875 MHz would be contrary to the public interest.

III. PETITION FOR RECONSIDERATION

5. In support of its petition, Air Space submits that a rule waiver would serve the public interest because it cannot implement its proposed system in a half-duplex mode by utilizing only the available unpaired 956 MHz MAS channel. In order to operate in a half-duplex mode over a single channel in a multipoint environment, the host station must first "key" the main station transmitter, wait for this station and the associated remote receivers to stabilize, and then transmit the poll request. After the main transmitter has shut down, the selected remote station must "key" its own transmitter, wait again while stabilization takes place, and then transmit the response. Older character-oriented communications protocols can operate in this manner. Air Space asserts that such operation, however, involves unacceptable delays that are inimical to Air Space's system configuration.

6. In this regard, Air Space maintains that its intends to employ newer bit-oriented communications protocols such as IBM's Synchronous Data Link Control (SDLC) that are designed for full duplex channels. Air Space submits that these protocols will not operate properly over a "keyed" half-duplex channel. Air Space, moreover, argues that most new automated teller machine (ATM) networks have been implemented with bit-type protocols. Thus, Air Space states that restricting its proposed system to operability with only character protocols would severely limit the system's applicability. Consequently, Air Space emphasizes that there are no alternatives under the Commission's existing rules, given the lack of available paired MAS spectrum for full duplex operation in the Dallas area, to accommodate Air Space's bit-oriented protocol system design.

IV. DISCUSSION

7. In considering Air Space's waiver request, we must determine whether a waiver of the provisions of Section 94.65(a)(1)(i), that restrict operation on unpaired MAS frequencies to simplex or half-duplex transmissions rather than the full duplex mode, would frustrate the public interest policy sought to be protected.[2] We must also determine whether Air Space has any reasonable alternatives within the existing rules. [3] Resolution of these issues must be viewed in the context of the history of the Commission's MAS spectrum allocation as well as the Commission's recent decisions concerning the availability and use of MAS paired and unpaired channels.

8. The rules governing MAS systems were established in the early 1980's. At that time, the Commission allocated thirty-four frequency pairs and eight unpaired frequencies specifically for MAS operations.[4] When the Commission initially allocated these frequencies for MAS use, it had no practical experience upon which to base its technical and procedural rules governing MAS spectrum utilization. To accommodate the full range of MAS technology available at that time, the Commission elected to allocate paired channels for two-way full duplex system configuration and unpaired channels for systems designed for one-way or half-duplex operation that required only one unpaired channel.[5] Generally speaking, applicants are not permitted to use paired frequencies in an unpaired configuration or unpaired frequencies in a paired configuration absent unique circumstances. To permit such operation on a normal or routine basis would subvert the Commission's allocation scheme as set forth in Section 94.65(a).

9. In the instant case, however, grant of the waiver relief sought by Air Space would result in the efficient use of spectrum that would otherwise lie fallow. It would permit Air Space to provide service to the public by pairing an unused channel in the Dallas area for the purpose of operating a sophisticated bit-oriented data communications MAS system. Waiver of Section 94.65(a), therefore, would encourage spectrum use rather than perpetuate the current disuse of the 956.2875 MHz MAS channel in Dallas. A waiver grant, moreover, would be consistent with the recent *Report and Order* in PR Docket No. 87-5 wherein the Commission addressed the issue of encouraging the use of both one-way and two-way MAS system design and decided to consider waiver requests for one-way operation on paired frequencies in areas where unpaired spectrum was unavailable.[6]

10. Turning to the remaining element required for a waiver grant, we find that Air Space has adequately demonstrated that it has no alternative means of satisfying its communications requirements under the existing rules. Air Space requires full duplex capability to implement its proposed bit-oriented system. Half-duplex operation by utilizing the available unpaired MAS channel as permitted under the existing rules is not a reasonable alternative.

V. CONCLUSION

11. In view of the above, we conclude that Air Space has provided an adequate basis to grant the waiver relief requested. IT IS THEREFORE ORDERED that Air Space's request for reconsideration of the December 21, 1988, denial of its request for rule waiver IS GRANTED.

12. IT IS FURTHER ORDERED, pursuant to Sections 0.331, 1.3 and 94.33(c) of the Commission's Rules, 47 C.F.R. §§ 0.331, 1.3 and 94.33(c), that Air Space's request for waiver of Section 94.65(a)(1)(i) of the Commission's Rules to permit it to pair an unpaired 956 MHz MAS frequency IS GRANTED for an indefinite term.

13. IT IS FURTHER ORDERED that Air Space's associated application (File No. 742452) SHALL BE REINSTATED AND GRANTED.

FEDERAL COMMUNICATIONS COMMISSION

Richard J. Shiben
Chief, Land Mobile and
Microwave Division

FOOTNOTES

[1] A full duplex system is designed to operate on paired MAS frequencies and is capable of "two-way" operation consisting of simultaneous transmissions between master and remote stations. A simplex or half-duplex system operates on an unpaired MAS frequency with transmissions emanating in one direction at a time to or from the master station or remote stations.

[2] As a threshold matter, Air Space argues that the Commission's Rules do not expressly preclude the use of unpaired MAS frequencies for full duplex (two-way) systems. Section 94.15(e) of the Rules, 47 C.F.R. § 94.15(e), however, provides that "frequencies will be assigned in pairs for those stations employing full duplex (two-way) transmissions . . . . Provision is made in some bands for non-paired frequencies for systems employing one-way transmission." Thus, we conclude that Air Space's proposal to operate a two-way system on an unpaired MAS frequency requires a waiver of the Commission's Rules.

[3] 47 C.F.R. §§ 1.3, 94.33(c); WAIT Radio v. FCC, 418 F.2d. 1153, 1157 (D.C. Cir. 1969); Thomas Radio v. FCC, 716 F.2d. 921 (D.C. Cir. 1983).

[4] Report and Order, SS Docket No. 79-18, 46 Fed. Reg. 9,950 (January 30, 1981); Second Report and Order, SS Docket No. 79-18, 47 Fed. Reg. 6,869 (February 17, 1982).

[5] *Id.*

[6] 3 FCC Rcd at 1570.

Before the
Federal Communications Commission
Washington, D.C. 20554

PUBLIC NOTICE

Released: July 18, 1989

PLEADING CYCLE ESTABLISHED FOR COMMENTS ON AT & T'S COMPARABLY EFFICIENT INTERCONNECTION PLAN FOR PROTOCOL CONVERSION AND STORAGE SERVICES WITH PACKET SWITCHING SERVICES

On June 23, 1989, the American Telephone and Telegraph Company (AT&T) filed a comparably efficient interconnection (CEI) plan for "enhanced packet services" involving protocol conversion and storage services. AT&T proposes to offer these services in conjunction with its basic X.25-based packet switching services, ACCUNET Packet Service (APS) and Private Packet Network Service (PPNS). According to AT&T, it will initially offer conversions to X.25 from asynchronous, bisynchronous (BSC) RJE 2780/3780, BSC 3270, and SNA/SDLC. However, AT&T notes that it may offer additional conversions, in accordance with this CEI plan, as the need arises. In addition to the protocol conversion service, AT&T proposes to offer an optional storage service. AT&T states that the storage service will allow an end user to interact with customer-specific information stored in the network.

As required in the *Computer III* proceeding (*Phase I Order,* 104 FCC 2d 958 (1986), *modified on reconsideration,* 2 FCC Rcd 3035 (1987), *further reconsideration,* 3 FCC Rcd 1135 (1988)), the Commission must approve this CEI plan before AT&T can begin implementing the proposed service.

According to AT&T, it will account for the joint and common costs of the services pursuant to its Part 32 cost allocation manual. AT&T also describes its plans for complying with the other Computer III nonstructural safeguards governing the use of customer proprietary network information, nondiscrimination reporting and nondiscriminatory provisioning, and disclosure of network information.

Interested parties should file comments on this plan by **August 8, 1989,** and reply comments by **August 18, 1989,** with the Secretary, FCC, 1919 M Street, N.W., Washington, D.C. 20554. A copy should also be sent to Peggy Reitzel, Common Carrier Bureau, FCC, Room 544, 1919 M Street, N.W., Washington, D.C. 20554, and to the Commission's contractor for public service records duplication: International Transcription Services, Inc. (ITS), 2100 M Street, N.W., Suite 140, Washington, D.C. 20037. Copies of AT&T's plan can be obtained from ITS at (202) 857-3800.

For further information contact Peggy Reitzel, Policy and Program Planning Division of the Common Carrier Bureau, at (202) 632-4047.

FEDERAL COMMUNICATIONS COMMISSION

Before the
Federal Communications Commission
Washington, D.C. 20554

PUBLIC NOTICE

Released: July 20, 1989

FEE DECISIONS OF THE MANAGING DIRECTOR AVAILABLE TO THE PUBLIC

The Managing Director is responsible for responding to requests for waiver or deferral of fees as well as other pleadings associated with the fee collection process. Typically, these responses to individuals are not published in the FCC Record (*See* 0.445(a) of the rules).

These decisions are available for public inspection. Periodically, the Managing Director releases a Public Notice listing the decisions he has made on these matters. The decisions are placed in General Docket 86-285. A copy of the decision is also placed in the appropriate docket, if one exists.

The following Managing Director decisions are released for information:

Simmons Satellite, Ltd. & Wold Communications, Inc. - Request for Fee Determination, Waiver and Refund of Fees Denied - (11) Applications for Assignments of Various FCC Authorizations (March 23, 1989)

Northern Communications - Petition for Reconsideration rendered moot - (15) Rural Cellular Filings (March 23, 1989)

Quantum Partnership - Petition for Reconsideration of Dismissal Denied - Two Rural Cellular Applications for Window 20 (March 27, 1989)

United Cellular Enterprises - Petition for Reconsideration of Dismissal Denied - Two Rural Cellular Applications for Window 16 (March 28, 1989)

Keith Frederick, *et al.*, d/b/a Solo Music Company of Louisiana, Ltd. - Request for Refund of $6000.00 Hearing Fee Granted - FM Station on Channel 225A at Erath, Louisiana (MM Docket 88-484) (March 28, 1989)

The Winners - Petition for Reconsideration of Rural Cellular Lottery Applications Due to "NSF" Checks Denied - Six Applications for Window 21 (March 28, 1989)

Lake View Partners - Request for Reinstatement Granted - Rural Cellular Application Window 16 (March 28, 1989)

Puerto Rico Telephone Company - Petition for Declaratory Ruling & Relief from Paying $1400 Filing Fees Granted - Seven Rural Cellular Applications for Window 16 (March 28, 1989)

Long Island University Radio - Request for Refund of $1800 Filing Fee Granted - FM Station on Channel 241A at Center Moriches, NY (MM Docket 88-584) (March 28, 1989)

Gallaher & Huffines - Request for Refund of Filing Fee Denied - FM Station WGSQ-FM at Cookesville, TN (March 28, 1989)

Mobile Communications Corporation of America - Request for Fee Waiver Granted Partial Refund - Transfer or Assignment of 432 Authorizations (April 3, 1989)

Chicago Broadcasting, Inc. - Request for Refund of $1800 Filing Fee Denied - FM Station at Monroe, LA (April 20, 1989)

Bart S. Bonner - Petition for Reconsideration of Dismissal Denied - Rural Cellular Application for Window 19 (April 20, 1989)

Mr. James Talbott, Katahdin Communications, Inc. - Request for Refund of $500 Filing Fee Denied - FM Station WSYY-FM at Millinocket, ME (April 20, 1989)

Lee J. Stillwell - Request for Refund of $375 Filing Fee Denied - Modification of Construction Permit (K04NP) at Challis, ID (April 20, 1989)

Bible Broadcasting Network, Inc. - Request for Refund of Filing Fee Denied - Application for Assignment of License for AM Station WAVO at Decatur, GA (May 1, 1989)

PSA, Inc. - Petition for Reconsideration of Denial of Refund Request for $6000 Hearing Fee Granted - TV Station on Channel 60 at Martinsburg, WV (May 1, 1989)

Risen Star Cellular Partnership - Request for Reinstatement of Application Granted - Rural Cellular Application for Window 20 (May 9, 1989)

William L. Armstrong, III - Request for Refund of $375 Filing Fee Granted - Low Power Television Station K07UL at Burley, ID (May 9, 1989)

Radio Property Ventures - Request for Refund of $6000 Hearing Fee Denied - AM Station KQXI at Arvada, CO (MM Docket 88-560) (May 15, 1989)

University of Scranton - Request for Refund of $1350 Filing Fee Granted - Transmit/Receive Earth Station at Scranton, PA (May 15, 1989)

Banco Nacional de Mexico - Request for Refund of $1500 Filing Fee Denied - Ku Band Transmit/Receive Station at Houston, TX (May 15, 1989)

Pochohontas Broadcasting Company - Request for Refund of $6000 Hearing Fee Denied - FM Station on Channel 275A at Welch, WV (MM Docket 88-517) (May 17, 1989)

Alspach/Varga Communications. Inc. - Request for Refund of $6000 Hearing Fee Denied - FM Station on 278A at Lancaster, OH (MM Docket 88-243) (May 17, 1989)

RSAC, Inc. - Request for Reacceptance of Application Nunc Pro Tunc Denied - Rural Cellular Lottery Application for Window 8 (May 19, 1989)

Edward A. Schumacher - Request for Refund of $6000 Hearing Fee Granted - FM Station on Channel 260A at Uhrichsville, OH (MM Docket 88-570) (May 19, 1989)

Upper Valley Christian Communications, Inc. - Request for Refund of $1800 Filing Fee Granted - FM Station on Channel 282A at Hartford, VT (May 22, 1989)

Turquesa Enterprises - Request for Refund of $6000 Hearing Fee Denied - FM Station on Channel 266C at Hatch, NM (MM Docket 87-518) (May 22, 1989)

Tommy P. & Linda S. Woolsey - Request for Refund of $6000 Hearing Fee Granted - FM Station on Channel 297A at Kemmerer, WY (MM Docket 88-426) (May 22, 1989)

Centel Cellular Company - Petition for Reconsideration of Dismissal Due to "NSF" Checks - MD Decided to Include in Lottery on Contingent Basis; No Decision on Application for Review - Four Rural Cellular Applications for Window 16 (May 22, 1989)

Capital Radio Services, Inc. - Petition for Reconsideration of Dismissal Granted - 17 Rural Cellular Applications for Window 17 (May 22, 1989)

Twiggs County Broadcasting, Inc. - Petition for Refund of $1800 Filing Fee Denied - FM Station on Channel 248A at Jeffersonville, GA (May 22, 1989)

BZ Electronics - Request for Waiver/Reduction in Fees Denied - Equipment Certification (May 22, 1989)

Elvis L. Moody - Request for Waiver of $500 Filing Fee Denied - FM Station KJEM-FM at Seligman, MO (May 22, 1989)

Grand Rapids Junior College - Petition for Refund of $200 Filing Fee Granted - Receive-Only Earth Station in Grand Rapids, MI (May 24, 1989)

Flint TV, Inc. & Bloomington Comco, Inc. - Requests for Refunds of $700 Each as a Result of Commission Declaratory Ruling Granted - TV Stations WSMH-TV at Flint, MI & WYZZ-TV as Significantly Viewed (June 8, 1989)

Robert Frank Broz - Request for Reinstatment Dismissed as Moot - Rural Cellular Lottery Application for Window 8 (June 8, 1989)

SMR Cellular, Inc. - Request for Reacceptance of Application Nunc Pro Tunc Dismissed as Moot - Rural Cellular Lottery Application for Window 8 (June 8, 1989)

Wayne Price d/b/a Price Broadcasting Company - Request for Refund of $6000 Hearing Fee Granted - FM Station on Channel 223A at Danville, VA (MM Docket 88-579) (June 8, 1989)

RSA Mobile Communications Company - Request for Reinstatement Dismissed as Moot - Rural Cellular Lottery Application for Window 10 (June 8, 1989)

NOTE: ANY QUESTIONS REGARDING THIS REPORT SHOULD BE DIRECTED TO THE PREPARER, THOMAS M. HOLLERAN, DEPUTY, AMD-O, PH. 632-5316.

FEDERAL COMMUNICATIONS COMMISSION

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 88-46

In the Matter of

Amendment of Section 73.202(b),	RM-5919
Table of Allotments,	RM-6103
FM Broadcast Stations.	
(*Fountain* and Pueblo, Colorado)	

REPORT AND ORDER
(Proceeding Terminated)

Adopted: June 28, 1989; Released: July 21, 1989

By the Chief, Allocations Branch:

1. Before the Commission for consideration is the *Notice of Proposed Rule Making*, 3 FCC Rcd 962 (1988), which proposed to amend the FM Table of Allotments by either allotting Channel 241C2 to Pueblo, Colorado, as that community's eighth commercial FM service (RM-5919), or allotting Channel 241A to Fountain, Colorado, as that community's first local broadcast service (RM-6103). These actions were proposed in response to petitions filed by Dr. Ronald A. Johnson ("Johnson"), and by Express Communications ("Express"), respectively. Both petitioners filed comments and reply comments.[1] Cullen Bryant ("Bryant") filed comments in support of the Fountain proposal. Citadel Associates Limited Partnership ("Citadel"), licensee of Station KKFM(FM), Channel 243C, Colorado Springs, Colorado, also filed comments.[2] Rainbow Communications, Inc. ("Rainbow"), [3] filed reply comments.

2. This proceeding initially required a comparative evaluation to consider the broadcast needs of Pueblo and Fountain. However, in view of Johnson's withdrawal of interest, we shall consider only the proposal at Fountain.

3. The *Notice* stated that Channel 241A could be allotted to Fountain in conformity with the minimum distance separation requirements of Section 73.207(b) of the Commission's Rules, based on action in MM Docket No. 81-819 ordering Citadel from Channel 243C to Channel 251C. In response, Citadel advises that although it was earlier required to move to Channel 251C, it was also authorized to operate on its existing channel until a permittee is selected and a construction permit issued for Channel 243C at Evergreen, Colorado, since it must be reimbursed for reasonable costs incurred in the frequency change. However, Citadel asserts that since a construction permit has not been issued on Channel 243C at Evergreen, it will continue to operate on its existing frequency, as provided in Docket No. 81-819, until there is a permittee to reimburse it for its changover costs, as required by Commission policy.

4. We believe the public interest would be served by the allotment of Channel 241A to Fountain, Colorado, since it could provide a first local broadcast service to that community. A staff engineering analysis has determined that Channel 241A can be allotted to Fountain, in conformity with the minimum distance separation requirements of Section 73.207(b) of the Commission's Rules.[4] However, the allotment is contingent upon the grant of a license to Station KKFM(FM), Colorado Springs, Colorado, to operate on Channel 251C, as noted *supra*.[5]

5. Accordingly, pursuant to the authority contained in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61, 0.204(b) and 0.283 of the Commission's Rules, IT IS ORDERED, That effective **September 5, 1989,** the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, IS AMENDED to include the community listed below, as follows:

City	Channel No.
Fountain, Colorado	241A

6. IT IS FURTHER ORDERED, That the petition for rule making filed by Dr. Ronald A. Johnson (RM-5919) IS DISMISSED.

7. IT IS FURTHER ORDERED, That the Secretary of the Commission SHALL SEND a copy of this *Order* by CERTIFIED MAIL, RETURN RECEIPT REQUESTED, to Citadel Associates Limited Partnership, Radio Station KKFM(FM), 411 Lakewood Circle, Colorado Springs, CO 80910.

8. The window period for filing applications on Channel 241A at Fountain, Colorado, will open on **September 6, 1989,** and close on **October 6, 1989.**

9. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

10. For further information concerning the above, contact Nancy Joyner, Mass Media Bureau, (202) 634-6530.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

FOOTNOTES

[1] Johnson subsequently requested withdrawal of the Pueblo proposal, including all comments he submitted in this proceeding. Since no other expression of interest in the Pueblo proposal was advanced in initial comments, we will grant Johnson's motion to withdraw from this proceeding. In light of our action, all comments submitted in response to Johnson's proposal need not be considered and are dismissed as moot.

[2] Citadel's comments are moot to the extent they relate to Johnson's proposal, in light of the request for withdrawal of his proposal. However, they will be considered with regard to the Fountain proposal.

[3] Rainbow seeks in a separate proceeding, MM Docket No. 88-30, to modify the facilities of Station KCSJ-FM (formerly Station KUSN(FM)), at Pueblo. As its comments relate to matters raised by Johnson, they have not been considered in light of his withdrawal request.

[4] Reference coordinates used for Channel 241A at Fountain are 38-41-00 and 104-41-54. The *Notice* indicated that Channel 241A could be allotted to Fountain with a site restriction 4.0 kilometers (2.5 miles) south of the community at coordinates 38-38-50 and 104-41-43, to avoid short-spacing to application BPH-870227OF filed by Station KISF(FM), Channel 241C1, Greeley, Colorado, to maintain Class C status. However, that application was subsequently dismissed, the station was sold, and the call letters changed to Station KSQI(FM). Thus the minimum distance separation to Station KSQI(FM), Channel 241C1, at coordinates, 40-38-34 and 104-49-08, is met without the need to impose a site restriction on the Fountain allotment.

[5] The distance between Fountain and the current facilites of Station KKFM(FM), at coordinates, 38-44-36 and 104-51-44, is 15.7 kilometers whereas 105 kilometers is required.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 85-81

In the Matter of

Amendment of Section 73.606(b), RM-4883
Table of Allotments,
TV Broadcast Stations.
(San Clemente and
Brawley, California)

REPORT AND ORDER
(Proceeding Terminated)

Adopted: June 28, 1989; Released: July 21, 1989

By the Chief, Allocations Branch:

1. Before the Commission for consideration is the *Notice of Proposed Rule Making*, 52 Fed. Reg. 52971, published December 27, 1985, issued in response to a petition filed on behalf of Steve Mewhort (petitioner), proposing the allotment of UHF television Channel 26 to San Clemente, California. In addition, Channel *48 was proposed as a substitute for Channel *26 at Brawley, California, to accommodate the proposal. Petitioner failed to file comments in support of the proposal.[1] California Broadcasting Corporation ("CBC") and the County of Los Angeles, California ("County") each filed comments in opposition to the proposal.

2. As stated in the *Notice*, a showing of continuing interest is required before a channel will be allotted. Therefore, in accordance with Commission policy, since no interest was expressed in the proposal by any party, no further consideration will be given to the allotment of UHF television Channel 26 to San Clemente or the accompanying substitution of Channel *48 for Channel *26 at Brawley, California. In view of our determination, the comments filed on behalf of CBC and County are moot.

3. In view of the above, IT IS ORDERED, That the above-described petition for rule making of Steve Mewhort (RM-4883) IS HEREBY DISMISSED.

4. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

5. For further information concerning the above, contact Nancy Joyner, Mass Media Bureau, (202) 634-6530.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

FOOTNOTE

[1] By letter dated January 9, 1986, counsel for the estate of Stephen J. Mewhort informed us of the petitioner's death.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 88-459

In the Matter of

Amendment of Section 73.202(b), RM-6330
Table of Allotments,
FM Broadcast Stations.
(Battle Ground, Indiana)

REPORT AND ORDER
(Proceeding Terminated)

Adopted: June 28, 1989; Released: July 21, 1989

By the Chief, Allocations Branch:

1. Before the Commission for consideration is the *Notice of Proposed Rule Making*, 3 FCC Rcd 5728 (1988), issued in response to a petition filed by Linda Kuenzie (petitioner), proposing the allotment of FM Channel 254A to Battle Ground, Indiana, as that community's first local broadcast service. Petitioner filed supporting comments in response to the *Notice*. No other comments were received.

2. We believe the public interest would be served by allotting Channel 254A to Battle Ground, Indiana, since it could provide a first local broadcast service to the community.

3. As indicated in the *Notice*, Channel 254A can be allotted to Battle Ground in conformity with the minimum distance separation requirements set forth in Section 73.207(b) of the Commission's Rules, provided the transmitter is located at least 1.3 kilometers (0.8 miles) northwest[1] of the community to avoid short spacing to two of three applications (880126MT and 880126MM) for Channel 254A at Anderson, Indiana.[2]

4. Accordingly, pursuant to the authority contained in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61, 0.204(b) and 0.283 of the Commission's Rules, IT IS ORDERED, That effective **September 5, 1989,** the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, IS AMENDED to include the community listed below, as follows:

City	Channel No.
Battle Ground, Indiana	254A

5. IT IS FURTHER ORDERED, That the Secretary SHALL SEND a copy of this *Order* by CERTIFIED MAIL, RETURN RECEIPT REQUESTED, to IBN Broadcasting, Inc., Radio Station WIBN(FM), 726 Vine Street, West Lafayette, IN 47906.

6. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

7. The window period for filing applications on Channel 254A at Battle Ground, Indiana, will open on **September 6, 1989,** and close on **October 6, 1989.**

8. For further information concerning the above, contact Nancy Joyner, Mass Media Bureau, (202) 634-6530. Questions related to the window application filing process should be addressed to the Audio Services Division, FM Branch, Mass Media Bureau, (202) 632-0394.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

FOOTNOTES

[1] Coordinates at the restricted site are 40-31-09 and 86-50-56. Although that site restriction is 6.2 kilometers short-spaced to the site specified by Station WIBN(FM), Channel 251B1, Earl Park, Indiana (File No. BPH-880811IC), it meets the spacing requirements to the site restriction placed on the latter's modification proposal in MM Docket No. 87-181 at reference coordinates 40-36-00 and 87-26-43. However, Station WIBN's application was filed subsequent to the instant rule making proposal. In such situations, the Commission has determined that while an applicant is protected against the acceptance of untimely-filed competing applications, according to established policy, an applicant's preferred transmitter site is not protected from a rule making petition which proposes a new service. As the Commission has held previously, an applied for, but unauthorized transmitter site generally reflects a preference for a particular location and thus is not favored over the provision of a new service. *See, Andalusia, AL*, 49 FR 32201, August 13, 1984, and cases cited therein. Therefore, Station WIBN(FM) will be required to amend its modification application to specify a nonconflicting transmitter site. In view of our determination, we will direct the Secretary of the Commission to serve the licensee of Station WIBN(FM) with a copy of this *Order*.

[2] Channel 254A was allotted to Anderson, Indiana, in MM Docket No. 84-231. The filing window for the allotment expired on January 26, 1988.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 88-379

In the Matter of

Amendment of Section 73.202(b), RM-6354
Table of Allotments,
FM Broadcast Stations.
(Havana and Madison, Florida)

REPORT AND ORDER
(Proceeding Terminated)

Adopted: June 28, 1989; Released: July 21, 1989

By the Chief, Allocations Branch:

1. The Commission has before it for consideration the *Notice of Proposed Rule Making*, 3 FCC Rcd 4793 (1988), proposing the substitution of Channel 285C2 for Channel 285A at Havana, Florida, and the substitution of Channel 274A for Channel 285A at Madison, Florida. The *Notice* was issued in response to a petition filed by Ed Winton (petitioner). Petitioner also requested the modification of his license for Station WMLO(FM) to specify operation on the higher class channel, and modification of his license for Station WOOP(FM)[1] at Madison, Florida, to specify Channel 274A in lieu of Channel 285A. Petitioner filed comments supporting both allotments. No other comments were received.

2. We believe the public interest would be served by the substitution of Channel 285C2 for Channel 285A at Havana, Florida, since it could provide the community with its first wide coverage area FM service. As stated in the *Notice* the substitution can be made in compliance with the Commission's minimum distance separation requirements with a site restriction of 15.3 kilometers (9.5 miles) east to avoid a short spacing to Station WOAB, Channel 285A, Ozark, Alabama, and to unused Channel 287A at Chattahoochee, Florida. Channel 274A can be allotted to Madison, Florida, in compliance with the Commission's minimum distance separation requirements.[2] As proposed, we shall also modify petitioner's license for Station WMLO(FM) to specify operation on Channel 285C2 in lieu of Channel 285A.

3. Accordingly, pursuant to the authority found in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61, 0.204(b) and 0.283 of the Commission's Rules, IT IS ORDERED, That effective **September 5, 1989,** the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, IS AMENDED for the community listed below, as follows:

City	Channel No.
Havana, Florida	285C2
Madison, Florida	274A

4. IT IS FURTHER ORDERED, That pursuant to Section 316(a) of the Communications Act of 1934, as amended, that the license of Ed Winton for Station WMLO(FM), Havana, Florida, IS MODIFIED, to specify operation on Channel 285C2 in lieu of Channel 285A, subject to the following conditions:

(a) Within 90 days of the effective date of this *Order*, the licensee shall submit to the Commission a minor change application for a construction permit (Form 301), specifying the new facility;

(b) Upon grant of the construction permit, program tests may be conducted in accordance with Section 73.1620; and

(c) Nothing contained herein shall be construed to authorize a change in transmitter location or to avoid the necessity of filing an environmental impact statement pursuant to Section 1.1301 of the Commission's Rules.

5. IT IS FURTHER ORDERED, That pursuant to Section 316(a) of the Communications Act of 1934, as amended, that the license of Ed Winton for Station WOOP(FM) Madison, Florida, IS MODIFIED, to specify operation on Channel 274A in lieu of Channel 285A, subject to the following conditions:

(a) Nothing contained herein shall be construed as authorizing any change in Station WOOP(FM)'s license, BLH-851023KC except the channel as specified above. Any other changes, except for those so specified under Section 73.1690 of the Rules, require prior authorization pursuant to an application for construction permit (FCC Form 301).

(b) Program tests may be conducted in accordance with the provisions of Section 73.1620 of the Rules, PROVIDED the transmission facilities comply in all respects with license BLH-851023KC, except for the channel as specified above, and a license application (FCC Form 302) is filed within 10 days of commencement of program tests.

6. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

7. For further information concerning this proceeding, contact Nancy J. Walls, Mass Media Bureau, (202) 634-6530.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

FOOTNOTES

[1] The call letters of WIMV(FM) were changed to Station WOOP(FM) effective May 1, 1988.

[2] The coordinates for Channel 285C2 at Havana are North Latitude 30-34-43 and West Longitude 84-15-59. The coordinates for Channel 274A at Madison are North Latitude 30-28-06 and West Longitude 83-24-30.

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

AT&T Communications Revisions to Tariff F.C.C. No. 12 — Transmittal No. 1620

Custom-Designed Integrated Services

MEMORANDUM OPINION AND ORDER

Adopted: July 14, 1989; Released: July 14, 1989

By the Chief, Common Carrier Bureau:

1. American Telephone and Telegraph Company (AT&T) has proposed another integrated service package, Virtual Telecommunications Network Service (VTNS) Option V, to be provided under Tariff 12. This is the first such arrangement to be provided after the implementation of the Commission's requirements stated in its *April 18 Order*,[1] accomplished by revisions addressed in this Bureau's *June 30 Order*.[2] Petitions to reject or suspend the revisions proposed under Transmittal 1620 were submitted by the Independent Data Communications Manufacturers Association, Inc. (IDCMA), by MCI Telecommunications Corporation (MCI), and by US Sprint Communications Company Limited Partnership (Sprint).

2. VTNS Option V provides voice and data service in the United States, Puerto Rico, and the Virgin Islands, with calling capabilities again defined in terms of ports, port access telephone numbers, and data transmission capabilities (DTCs). The rates proposed are stabilized for an initial three- year period, after which the customer may discontinue service without liability, extend service for two years if AT&T concurs, or continue service at monthly rates. Installation charges are to be recouped through recurring charges.

3. AT&T states that VTNS Option V was developed because the customer's request could not be satisfied by existing options, nor by other currently effective tariffs, and that the rates differ from prior VTNS options in order to reflect the particular costs of this customer's "volumes and patterns of communications, its concentrations of traffic and the economical use of facilities." AT&T Description and Justification at 2.

4. IDCMA incorporates its petition for reconsideration of the Commission's *April 18 Order* as the principal body of its petition, asserting that Order is wrongly decided in several respects, so that Transmittal 1620 embodies continuing violations of the Commission's Rules. IDCMA also incorporates its opposition to AT&T's direct case, filed in the Docket 87-568 investigation.

5. IDCMA also asserts two incremental deficiencies arise in Option V. First, it states, AT&T does not specify the speeds of sub-rate data transmission capabilities, only that they are "9.6 kbps and below." IDCMA contends that while this description may comport with the *April 18 Order*, it violates Section 61.54(j) of the Rules, which requires a clear and definite statement of conditions affecting the tariffed rates. IDCMA Petition at 3-4. Secondly, AT&T has bundled installation costs for this VTNS option into basic and measured charges, obscuring any distinction between charges for capital outlays and those intended to recover operational costs. Carried to the logical extreme, IDCMA argues, this approach will result in filings that specify the number of ports and DTCs, one or two rates, and a statement of general availability. *Id.* at 4. IDCMA iterates that such specification is inadequate for comparison by customers or competitors, and does not establish the generality of such offerings.

6. IDCMA characterizes AT&T's claim that tariff revisions disclosing fewer particulars respecting a customer's service make the offering more generally available than pre-Tariff 12 offerings as "perverse," noting it is impossible to tell if Option V is more or less relevant to a particular large business customer's needs than the four preceding VTNS options. *Id.* at 5. So long as AT&T labels each successive VTNS option as generally available, IDCMA contends, it remains free under the Commission's *April 18 Order* to undercut the practical usefulness of that statement by exercising its negotiating discretion to craft options for particular customers. IDCMA observes that no VTNS option has ever been utilized by a customer other than that for which it was originally designed. *Id.*

7. MCI incorporates by reference its petition directed to Transmittal 1592, and asserts that Transmittal 1620 contains the same deficiencies that render that filing (and the original Tariff 12 filings) violative of various provisions of the Act and Commission Rules. In addition, MCI describes the plain targetting of Option V to a specific user, contending that because the physical locations of the customer were a critical factor in the development of VTNS rates, it effectively is geographically specific. Thus AT&T has "failed utterly" to conform VTNS to the only significant requirement of the *April 18 Order*. MCI Petition at 2-3. MCI also notes, at 3 n.9, that VTNS Option V has terms unique to the user with whom the arrangement was negotiated.

8. MCI asserts that compliance with the *April 18 Order* requires development of a generally available service, as demand for VTNS is obviously not inherently limited to a single user or even a small group of users. AT&T's contention (in its reply to petitions against Transmittal 1592) that it cannot file a general tariff without enabling its competitors to freely undercut it is unsupportable, MCI states, adding that AT&T effectively concedes that it cannot establish a competitive price for a general offering without suffering serious losses.[3] The alternative, presently effective, of permitting the targetting of Tariff 12 discounts on a "what the traffic will bear" basis, is a result as "antithetical to the development of effective competition" as the discount currently provided only to Holiday; MCI argues that, in effect, AT&T has finally conceded there is no difference between the offerings. *Id.*

9. Sprint states that VTNS Option V is unlawfully discriminatory by dint of its restrictions on the initial configuration, the customer's limited freedom to decrease the number of ports and DTCs, and violations of the Commission's private line rate structure guidelines (Section 61.40 of the Commission's Rules, 47 C.F.R. § 61.40.). VTNS V is inconsistent with other "like" offerings under Tariff 12, Sprint states, because (i) it is the only option with seven mileage bands for each of its rate schedules;

(ii) it is one of only two options that do not include dedicated access; and (iii) it is the only option that does not include a discrete charge for installation. Sprint Petition at 3-4.

10. Sprint contends that AT&T violated the third rate structure guideline, directed at artificial bundling of rate elements, by both the initial charge for Option V and the bundling of installation with recurring costs. The volume discounts represented by VTNS V are not properly integrated into the Tariff 12 rate structure, Sprint asserts, but differ from charges under other options without explanation. For example, revenue per minute for Option V Rate Schedule B calls is below the corresponding revenue for Option IV, although the volume of calls for the latter option is much smaller. The Usage Volume Pricing Plan also differs from other VTNS options without explanation. *Id.* at 4-5. Sprint also reiterates its view that VTNS options discriminate compared to the component switched and private line services from which they are developed. *Id.* at 5 n.1.

11. Sprint notes that while AT&T projects that revenues and access and operating expenses will increase by comparable percentages from 1990 to 1991, depreciation and other expenses remain curiously constant, and also asserts there are inconsistencies between total revenue figures in separate tables submitted with Transmittal 1620. *Id.* at 8-9. Finally, Sprint reiterates past contentions that AT&T consistently fails to submit the basic data fed into its computer models that is necessary usefully to relate working papers to cost and revenue estimates. *Id.* at 9 n.3.

12. AT&T asserts it has complied with all Commission requirements, noting the Commission's statement in the *April 18 Order* that specifying the number of service elements in integrated service arrangements is not *per se* unlawful, and emphasizing with respect to MCI's assertions that the same Order did not require all Tariff 12 options be offered under a "single schedule of identical rates" that would disregard the economies of custom designed networks. AT&T Reply at 3-5. As to Sprint's contention that VTNS Option V is discriminatory because proposing rates for measured charges that differ from Option IV, AT&T states the *April 18 Order* did not object to such rate differences, and adds that its filing demonstrates the rates for Option V are sufficient to recover costs even if usage levels are so low that minimum charges apply. *Id.* at 6.

13. AT&T contends that Tariff 12 services are not private line offerings, and in any case their rate differences have been independently justified by cost support materials, so that compliance with private line rate structure guidelines is not required. *Id.* at 6-7. AT&T replies to IDCMA that the specification of DTC transmission speeds as "9.6 kbps and below" is responsive to customer requests for flexibility to use the service at lower speeds, and explains that the absence of separate installation charge elements reflects the customer's wish to pay for installation over the life of the service. *Id.* at 8-9.

14. The Common Carrier Bureau has reviewed AT&T's Transmittal 1620, the petitioners' assertions, and related pleadings. We conclude that no compelling argument has been presented that the proposed tariff is so patently unlawful as to warrant rejection, and that an investigation of Transmittal 1620 is not warranted.

15. We note that the *June 30 Order* observed that terms of potentially unclear application will be resolved in favor of the customer (or potential customer). Thus, we construe the reference to DTCs provided at "9.6 kbps and below" in VTNS Option V to constitute an undertaking that any combination of sub-rate services provided as part of VTNS options would qualify for equal treatment.

16. As noted in the *June 30 Order*, our determination that an investigation is not warranted respecting Transmittal 1620 does not preclude further action in the complaint or tariff contexts, including the filing of contracts negotiated between AT&T and prospective Tariff 12 customers, should subsequent events warrant review of AT&T's practices in the development and tariffing of integrated service packages. At this juncture, however, we find no evidence of practices arising from the provision of VTNS Option V that warrant an investigation or other proceedings. The tariff revisions set forth in Transmittal 1620 will become effective on July 17.

17. Accordingly, IT IS ORDERED that the petitions to reject or to suspend and investigate American Telephone and Telegraph Company Tariff F.C.C. No. 12, Transmittal 1620, filed by the Independent Data Communications Manufacturers Association, Inc., by MCI Telecommunications Corporation, and by Sprint Communications Company Limited Partnership, ARE DENIED.

FEDERAL COMMUNICATIONS COMMISSION

Gerald Brock
Chief, Common Carrier Bureau

FOOTNOTES

[1] AT&T Communications, Revisions to Tariff F.C.C. No. 12, CC Docket No. 87-568, Memorandum Opinion and Order, FCC 89-116, released Apr. 18, 1989 (*April 18 Order*).

[2] AT&T Communications, Revisions to Tariff F.C.C. No. 12, Memorandum Opinion and Order, DA 89-743, released June 30, 1989 (Com. Car. Bur.).

[3] *Id.* at 5-6 (citing AT&T Communications, Holiday Rate Plan, CC Docket No. 88-471, FCC 88-299, Sept. 20, 1988, at para. 26).

Before the
Federal Communications Commission
Washington, D.C. 20554

PR Docket No. 88-507

In the Matter of

Amendment of the Maritime Services Rules (Part 80) to restrict the frequency selection capability of VHF transmitters to maritime frequencies.

REPORT AND ORDER
(Proceeding Terminated)

Adopted: July 13, 1989; Released: July 24, 1989

By the Commission:

I. INTRODUCTION

1. In a *Notice of Proposed Rule Making* (*Notice*), 3 FCC Rcd 6239 (1988), we proposed to amend Part 80 of the Rules to restrict the frequency selection capability of VHF maritime radio station transmitters (VHF maritime transmitters) to maritime frequencies. In addition, the *Notice* proposed to phase out VHF maritime transmitters with indiscriminate frequency programming[1] capabilities by precluding the manufacture, sale and installation of such equipment over a two year period while "grandfathering" the use of equipment installed prior to the established cutoff date. This Report and Order adopts the proposed rule amendments with minor modifications.

II. BACKGROUND

2. A number of the VHF transmitters now being manufactured for maritime stations are capable of operating on many frequencies in addition to the maritime frequencies for which they can be licensed. While some transmitters may be delivered from the factory with this capability, others require a simple field modification to access these non-maritime frequencies.

3. Prior to the development of frequency synthesizers, VHF maritime transmitters were pre-tuned so that their external controls could select only those frequencies for which they were licensed to operate. Pre-tuning these transmitters properly was recognized as a technical task. It generally required that the transmitter housing be opened, that special crystals be installed to control the accuracy of the pre-tuned frequencies, and that internal circuits be adjusted. The same procedure was followed to change a pre-tuned frequency. Misadjustment of the internal circuits could cause the transmitter to operate improperly and cause harmful interference to the radio communications of other stations. Accordingly, our Rules have required that all adjustments of radio transmitters in any radiotelephone station which may affect the proper operation of the station be performed by or under the supervision of a person holding a first or second class radiotelegraph operator's certificate or a general radiotelephone operator's license.[2] Maritime station operators did not, therefore, have the ability to operate on frequencies other than those frequencies that were pre-tuned in their transmitters. As a result, they operated their VHF stations only on the authorized maritime frequencies.

4. Some VHF maritime transmitters now being manufactured, however, employ frequency synthesizers that can be programmed by a station operator to select transmission on frequencies assigned to other radio services. The availability of these transmitters enables maritime station operators, many of whom have little communications background or experience, to select and operate on frequencies used by other radio services. As a result, there has been an increase in harmful interference caused by operation of maritime stations on unauthorized frequencies. For example, we have received numerous complaints in the Gulf of Mexico area regarding harmful interference caused by maritime radio station licensees operating on VHF frequencies assigned for use by the land mobile radio services.

5. In a previous proceeding, PR Docket No. 86-37, [3] the Commission adopted certain rules to restrict the manufacture and use of transmitters in the private land mobile services that permit indiscriminate frequency programming by station operators. Comments filed by the Land Mobile Section of the Electronic Industries Association (EIA) in that proceeding, also suggested that we adopt similar restrictions for maritime transmitters.[4]

III. PROPOSAL

6. The *Notice* in this proceeding proposed to amend Section 80.203 of the Rules, 47 C.F.R. § 80.203, to deny type acceptance for and phase out the use of VHF maritime transmitters that permit indiscriminate frequency programming by station operators. The proposed rules were similar to those adopted for land mobile transmitters in PR Docket No. 86-37, *supra*. The intent of the proposed rules was to inhibit operation of VHF maritime transmitters on unauthorized frequencies, not to forbid the use of VHF transmitters that employ frequency synthesizer techniques when the front panel controls of such transmitters are capable of selecting only pre-programmed maritime VHF frequencies.

7. In the *Notice* we also proposed that frequency synthesized VHF maritime transmitters manufactured in or imported into the United States one year after the release of a Report and Order in this proceeding, and sold or installed in maritime stations two years after the release of a Report and Order in this proceeding, not be capable of being programmed by station operators to transmit on other than maritime frequencies. We indicated that these phase out periods should provide sufficient time for manufacturers to respond to equipment modifications and for dealers to clear their inventories. Additionally, we proposed that such transmitters installed within two years after the release of a Report and Order in this proceeding be "grandfathered" for use indefinitely while located at the same maritime station. We requested comments, however, regarding the proposed phase out time periods. Further, we requested comments concerning whether the benefits that might be derived from the proposed ban on

indiscriminate frequency programming capability in marine transmitters would justify any additional manufacturing costs that may be incurred.

IV. COMMENTS

8. The following parties filed comments in this proceeding: American Petroleum Institute (API), American Waterways Operators (AWO), ICOM America, Inc. (ICOM), National Party Boat Owners Alliance, Inc. (NPBOA), North Pacific Marine Radio Council (NPMRC), Radio Technical Commission for Maritime Services (RTCM), SEA Inc. (SEA) and the State Patrol of the State of Washington (WSP). Reply comments were filed by SEA.[5]

9. All of the comments support the Commission's objective to inhibit operations of VHF maritime transmitters on unauthorized frequencies. AWO, ICOM and RTCM, however, contend that the Commission's proposed solution may create new problems or lead to some cost burdens on the maritime community.[6] For example, AWO, ICOM and RTCM state that VHF maritime transmitters are often type accepted for use under other rule parts allowing manufacturers to spread design and manufacturing costs over wider markets. They argue that a strict interpretation of the proposed rule would suggest that manufacturers may have to design new transmitters that can only be programmed internally by licensed service personnel thus increasing equipment costs.[7] SEA, however, states that any additional manufacturing costs associated with the proposal would be insignificant.[8]

10. AWO, ICOM and RTCM also voice concern that the proposed rules would require VHF transmitters to be programmed only on one set of maritime frequencies, either the frequencies contained in the Commission's Rules or those in Appendix 18 of the international Radio Regulations thereby necessitating ships on international voyages to carry two separate transmitters.[9] AWO, ICOM and RTCM also note that the proposed rules require that special devices and procedures for frequency programming be made available only to licensed service and maintenance personnel. They state that as a normal practice such information is made available to service companies. They argue that it is not desirable for manufacturers to deal directly with service personnel to ensure compliance with the rules.[10] RTCM suggests language to resolve its concern in this matter.[11]

11. In regard to our request for comments on the phase out periods, SEA supports the proposed implementation timetable. NPBOA also supports our grandfather and phase out proposals. NPMRC, however, suggests we establish a ten year grandfather deadline.

V. DISCUSSION

12. We remain concerned that many programmable radios now being marketed permit frequency programming on unauthorized frequencies by station operators. We are convinced, that as more and more of these units are sold, interference will increase dramatically from both inadvertent and deliberate improper frequency selection. The harmful interference created by such transmissions could have an adverse impact on maritime communications as well as on safety communications in other services. The idea of applying rules similar to those adopted in the private land mobile services was not opposed. For these reasons, we are adopting the rules proposed in the *Notice* with some minor modifications.

13. SEA states in its comments that to eliminate confusion in the rules we should simply state that the synthesized marine VHF transmitters are restricted to the 156-157.45 MHz band. Several others suggest that the proposed solution may create new problems such as increased equipment costs. It appears these entities may have misunderstood our proposal. We proposed to deny type acceptance to equipment if the operator could, by using only the equipment's external operating controls, program a transmitter to operate on frequencies not authorized for use by the user. We did not propose to prohibit transmitters with frequency programming capability on other than maritime frequencies if the design of the transmitter is such that required programming to add the frequencies would be done by methods or equipment not normally available to the operator. It would be left up to the equipment manufacturers as to how this would be accomplished. Further, we continue to believe any increase in equipment costs to manufacturers resulting from rules that restrict front panel programming will be minimal. This position was supported in the comments from equipment manufacturers in Docket 86-37 and by SEA in this proceeding.

14. As discussed in paragraph 10, several commenters were concerned that under the new rules ships making international voyages would be required to have two radios, one programmed for channels contained in the Commission's Part 80 Rules and one for Appendix 18 channels. This was not our intent. Accordingly, we have reworded proposed § 80.203(b) to clarify this ambiguity. Under the new rules, station operators may select duplex channels contained in Appendix 18 of the international Radio Regulations as well as those specified in Part 80.

15. As previously discussed, another area of concern was that the proposed rules stated that special devices and procedures for frequency programming will be made available only to licensed service and maintenance personnel. Several commenters were concerned about having to deal directly with a service technician instead of the service company. To alleviate these concerns, we have reworded the rules to specify service companies.

16. In the *Notice*, we asked for comments on the proposed phase out periods, including our indefinite grandfathering proposal. NPBOA and SEA supported our proposal. NPMRC, however, recommended the Commission forbid the operation of any VHF maritime transmitter that does not meet the requirements of the adopted rules ten years after release of the Report and Order in this proceeding. VHF maritime transmitters are heavily used by the recreational boating community. Therefore, adopting a ten-year grandfather deadline could impose an economic burden on members of this community. Moreover, the average life of a marine radio is generally considered to be approximately seven years. Thus, normal attrition will have nearly the same affect without the need to adopt such a regulation. For these reasons, we are adopting the proposed phase out periods in the *Notice* which stated that frequency synthesized VHF maritime transmitters manufactured in or imported into the United States one year after August 1, 1990, and sold or installed in maritime stations after August 1, 1991, must not be capable of frequency programming by station operators.

VI. PAPERWORK REDUCTION ACT STATEMENT

17. The decisions contained herein have been analyzed with respect to the Paperwork Reduction Act of 1980 and found to contain no new or modified form, information collection, or record keeping, labeling, disclosure, or record retention requirements, and will not increase or decrease the burden hours imposed on the public.

VII. REGULATORY FLEXIBILITY ACT FINAL ANALYSIS

18. Pursuant to the Regulatory Flexibility Act of 1980 (Pub. L. 96-354), our final analysis is as follows:

I. ***Need and purpose of this action***

This action is being taken to incorporate into the Commission's Rules a restriction against the manufacturing of VHF maritime transmitters with frequency programming capabilities that could permit operation on unauthorized frequencies. The use of such units by those who would willfully or inadvertently program, select and use unauthorized frequencies has the likely potential of degrading operations in the maritime mobile and other radio services to the detriment of the public as a whole.

II. ***Summary of issues raised by the public comments in response to the Initial Regulatory Flexibility Analysis***

All of the public comments supported the need and purpose of this action. The commenters raised issues concerning whether marine VHF transmitters could continue to be type accepted for multiple rule parts, whether separate transmitters would be required to handle domestic and international channels and whether manufacturers would be dealing directly with service technicians or service companies. These issues were discussed and resolved in paragraphs 13, 14 and 15, respectively.

III. ***Significant Alternatives Considered and Rejected***

One commenter favored prohibiting the use of VHF maritime transmitters that do not meet the requirements of the adopted rules after ten years. This alternative was rejected in favor of indefinite grandfathering of such equipment for the reasons contained in paragraph 16. The action adopted herein will impose no new requirements upon maritime licensees. Any impact from the adopted rules will be on equipment manufacturers. We estimate the number of manufacturers affected, however, to be small. Further, because the new rules are based upon comments of the EIA with concurrence from equipment manufacturers, the manufacturers appear willing to absorb any resulting impact. Finally, to the extent manufacturers are affected, we have tempered any impact by delaying implementation of the manufacturing and marketing restrictions.

VIII. ORDERING PARAGRAPHS

19. Accordingly, IT IS ORDERED that pursuant to the authority contained Sections 4(i) and 303(r) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i) and 303(r), Part 80 of the Commission's Rules is AMENDED as set forth in the Appendix below.

20. IT IS FURTHER ORDERED that this Report and Order will be effective on **August 1, 1989.**

21. IT IS FURTHER ORDERED that a copy of this Report and Order be sent to the Chief Counsel for Advocacy of the Small Business Administration.

22. IT IS FURTHER ORDERED that this proceeding IS TERMINATED.

FEDERAL COMMUNICATIONS COMMISSION

Donna R. Searcy
Secretary

APPENDIX

Part 80 of Chapter I of Title 47 of the Code of Federal Regulations is amended as follows:

Part 80 - STATIONS IN THE MARITIME SERVICES

1. The authority citation for Part 80 continues to read as follows:

AUTHORITY: Secs. 4, 303, 48 Stat. 1066, 1082, as amended; 47 U.S.C. 154, 303 unless otherwise noted. Interpret or apply 48 Stat. 1064-1068, 1081-1105, as amended; 47 U.S.C. 151-155, 301-609; 3 UST 3450, 3 UST 4726, 12 UST 2377, unless otherwise noted.

2. In Section 80.203, paragraph (a) is revised, paragraphs (b) through (j) are redesignated as paragraphs (c) through (k), and a new paragraph (b) is added to read as follows:

§ 80.203 Authorization of transmitters for licensing.

(a) Each transmitter authorized in a station in the maritime services after September 30, 1986, except as indicated in paragraphs (f), (g) and (h) of this section, must be type accepted by the Commission for Part 80 operations. The procedures for type acceptance are contained in Part 2 of this chapter. Transmitters of a model type accepted or type approved before October 1, 1986 will be considered type accepted for use in ship or coast stations as appropriate.

(b) The external controls, of maritime station transmitters capable of operation in the 156-162 MHz band and manufactured in or imported into the United States after August 1, 1990, or sold or installed after August 1, 1991, must provide for selection of only maritime channels for which the maritime station is authorized. Such transmitters must not be capable of being programmed by station operators using external controls to transmit on channels other than those programmed by the manufacturer, service or maintenance personnel.

(1) Any manufacturer procedures and special devices for programming must only be made available to service companies employing licensed service and maintenance personnel that meet the requirements of § 80.169(a) and must not be made available with information normally provided to consumers.

(2) The channels preprogrammed by manufacturers, service and maintenance personnel for selection by the external controls of a maritime station transmitter must be limited to those channels listed in this Part and the duplex channels listed in Appendix 18 of the international Radio Regulations. The duplex channels listed in Appendix 18 of the international Radio Regulations must be used only in the specified duplex mode. Simplex operations on Appendix 18 duplex channels that are not in accordance with this Part are prohibited.

(3) Programming of authorized channels must be performed only by a person holding a first or second class radiotelegraph operator's certificate or a general radiotelephone operator's license using any of the following procedures:

(i) Internal adjustment of the transmitter;

(ii) Use of controls normally inaccessible to the station operator;

(iii) Use of external devices or equipment modules made available only to service and maintenance personnel through a service company; and

(iv) Copying of a channel selection program directly from another transmitter (cloning) using devices and procedures made available only to service and maintenance personnel through a service company.

(4) VHF maritime radio station transmitters capable of being programmed by station operators by means of external controls that are installed in a maritime station by August 1, 1991, are authorized for use indefinitely at the same maritime station.

* * * * *

FOOTNOTES

[1] For the purpose of this proceeding, the term "programming" applies to maritime transmitters employing frequency synthesizers such that operators can select certain predetermined codes, using key pads, thumbwheels, or similar means, to change the operating frequencies and that such selections can be made using the transmitter's external controls.

[2] *See* 47 C.F.R. § 80.169(a).

[3] Amendment of Part 90 of the Commission's Rules to Restrict the Use of Radio Transmitters with External Frequency Controls, PR Docket No. 86-37, 2 FCC Rcd 7221 (1987).

[4] *See* comments of Electronic Industries Association in PR Docket No. 86-37, *supra*, filed July 6, 1987, at 3.

[5] API is a national trade association whose members are involved in all aspects of the oil and gas industry. AWO is a non-profit organization representing the interests of the coastal and inland tug and barge industry. ICOM is a manufacturer of marine VHF communications equipment. NPBOA is a membership corporation representing owners/operators of small passenger carrying ships. NPMRC is a non-profit organization representing the United States marine radio interests in the Pacific Northwest and Alaska. RTCM is a non-profit organization consisting of Government and non-Government members concerned with maritime telecommunications practices. SEA is a manufacturer of land mobile and marine radio equipment. WSP is the agency that is responsible for most of the design, installation and maintenance of radio equipment that is used by state law enforcement in the State of Washington.

[6] *See*, for example, RTCM comments at 2.

[7] *See*, for example, ICOM comments at 2.

[8] SEA reply comments at 3.

[9] *See*, for example, AWO comments at 2.

[10] *See*, for example, ICOM comments at 2.

[11] RTCM comments at 5-6.

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

Annual 1989 Access Tariff Filings

ORDER ON RECONSIDERATION

Adopted: July 14, 1989; Released: July 24, 1989

By the Chief, Common Carrier Bureau:

I. INTRODUCTION

1. The Ameritech Operating Companies (Ameritech), South Central Bell Telephone Company and Southern Bell Telephone and Telegraph Company (BellSouth), Nevada Bell, Pacific Bell, the Mountain States Telephone and Telegraph Company, Pacific Northwest Bell Telephone Company and Northwestern Bell Telephone Company (US West), and the Public Service Commission of the District of Columbia (DC PSC) have filed petitions for reconsideration of the Common Carrier Bureau's March 22, 1989, Order on the Annual 1989 Access Tariff Filings.[1] Ad Hoc Telecommunications Users Committee (Ad Hoc), the American Telephone and Telegraph Company (AT&T), and MCI Telecommunications Corporation (MCI) filed oppositions to the various petitions. Ameritech, BellSouth, Nevada Bell, and US West submitted replies. For the reasons set forth below, we deny the petitions for reconsideration.

II. PETITIONS

2. Ameritech asks the Bureau to vacate that part of the *March 22 Order* disallowing $76 million of its interstate revenue requirement. It believes the rate revisions the Bureau ordered are inconsistent with Section 204(b) of the Communications Act.[2] That section, Ameritech states, does not give the Commission the authority to prescribe rate reductions. If the Bureau intends to effect rate reductions through prescription, it continues, the Bureau must comply with the hearing requirement of Section 205(a) of the Communications Act. Ameritech Petition at 6. Ameritech claims the Bureau violated its right of procedural due process by imposing new standards, through use of a retroactive trend analysis and nationwide cross section analysis for evaluating telephone plant in service costs and expense less depreciation costs to reduce carrier initiated rates, without notice or opportunity for comment. *Id.* at 11-16. Finally, it characterizes the use of prior year forecasting accuracy to determine the level of disallowances for 1989 forecasted amounts as arbitrary and unlawful. *Id.* at 16-18.

3. BellSouth claims the Bureau engaged in arbitrary and capricious decisionmaking and acted in excess of its statutory authority when it disallowed approximately $12 million of BellSouth's interstate costs. According to BellSouth, the method the Bureau used to analyze its budget projections is wholly inconsistent with its regional approach to ratemaking. BellSouth Petition at 9. Furthermore, it argues that the Bureau failed to explain the basis for requiring reductions in inside wire expenses by 8 percent. Consequently, BellSouth believes that if the Bureau had conducted a proper analysis, only $6.6 million would have been disallowed. BellSouth Errata at 16.

4. Nevada Bell seeks reconsideration of the Bureau's directive to reduce its test year unseparated depreciation expenses by $836,000. According to Nevada Bell, the Bureau's calculations prevent it from excluding equal access expenses it is entitled to recover. Nevada Bell Petition at 2. Nevada Bell also takes issue with the method the Bureau used to calculate the disallowance for inside wire expenses. *Id.* at 5-8.

5. Pacific Bell challenges the Bureau's use of figures from a BellSouth audit as a basis for disallowance of certain inside wire costs. According to Pacific Bell, the Bureau should view differences in local exchange carrier (LEC) costs as an indication that closer scrutiny is warranted, and not as the justification for an automatic disallowance. Pacific Bell Petition at 3. It asserts further that the Bureau acted arbitrarily in disallowing $14.1 million of its local business office expense based on a comparison with other LECs. Pacific Bell also asks the Bureau to rescind $1.6 million in disallowances for Category 2 Customer Services Expense. It claims the Bureau was mistaken in assuming that 60 percent of the Category 2 costs are attributable to the Other Billing and Collection Expense subcategory. Pacific Bell believes its data clearly support its contention that 82.7 percent of the Category 2 costs should be attributed to the subcategory. *Id.* at 4.

6. US West requests reversal of approximately $26.5 million in disallowances. It disagrees with previous Bureau findings that partial rate disallowance orders are interlocutory in nature and therefore not subject to reconsideration. US West argues that the *March 22 Order* should be immediately reviewable because it has caused cognizable harm to the parties through imminent rate reductions. US West Petition at 2. On a substantive level, US West claims it was inappropriate for the Bureau to calculate disallowances based on data at the company or state level since its budget and tariff decisions are made on a regional basis. US West also maintains that the Bureau's 32 percent test for inside wire expenses is overly rigid and arbitrary. *Id.* at 11.

7. The DC Commission claims that the Bureau violated Sections 69.104(c) and 69.104(e) of the Commission's Rules, 47 C.F.R. §§ 69.104(c), 69.104(e), by failing to instruct Bell Atlantic and its subsidiary Chesapeake and Potomac Telephone Company (C&P) to reduce the subscriber line charge imposed on District of Columbia customers. DC PSC Petition at 2-3. The DC Commission argues that since the subscriber line charge is based on a carrier's projected revenue requirement, the Bureau should order reductions in the subscriber line charge whenever the Bureau concludes a carrier has overstated its revenue requirement. Therefore, the DC Commission asks the Bureau to reconsider the *March 22 Order* and direct C&P to flow through the $22.4 million in cost disallowances to the subscriber line charge in the District of Columbia. *Id.* at 3.

8. Ad Hoc, MCI, and AT&T filed oppositions urging the Bureau to reject the petitions for reconsideration on procedural and substantive grounds. They maintain that the tentative disallowance of part of the costs underlying the LECs' proposed rates is an interlocutory action from which reconsideration is unavailable. *E.g.*, ATT Opposi-

tion at 3-4. Annual rates filed under Part 69, the commenters explain, constitute new charges, which the Bureau has the authority to approve on a partial basis under Section 204(b) of the Communications Act. Furthermore, Ad Hoc, MCI, and AT&T disagree with some petitioners' characterization of the Bureau's action as an unlawful prescription. They believe the *March 22 Order* is not an unlawful prescription because the Order specifically informs the LECs that they have the opportunity to submit revisions to their access tariffs that address the Bureau's concerns. *E. g.*, Ad Hoc Opposition at 5-7. Finally, the commenters assert that the petitioners have failed to demonstrate any flaws in the Bureau's disallowance of costs and other corrections in the LECs' filings. *E.g.*, MCI Opposition at 12.

9. Ameritech counters that the *March 22 Order* is a final action subject to review. It claims the record contains no evidence that any further review or order is intended or forthcoming. It disagrees with the commenters that the LECs have any real opportunity to file rate revisions. Because the *Order* requires the LECs to file revised rates which conform to the reductions calculated by the Bureau, Ameritech argues the opportunity to respond is merely illusory. Ameritech Reply at 4. It continues to attack the argument of the commenters that the revised rates constitute a partial authorization of charge under Section 204(b). Ameritech maintains that the revisions are nothing more than an improper rate prescription. *Id.* 5-8. Finally, Ameritech claims the commenters have conceded that the methodology the Bureau employed in determining the disallowances was arbitrary. *Id.* at 9.

10. In response to the oppositions, BellSouth argues that Ad Hoc, MCI, and AT&T have failed to adequately address the issues it raised in its petition regarding the Bureau's disallowance analyses. BellSouth also takes issue with their contention that the *March 22 Order* is interlocutory. BellSouth Reply at 2-3. It strongly disagrees with the commenters that a disallowance becomes interlocutory when only a portion of a filed revenue requirement is disallowed, or when a carrier has the right to file tariff revisions. The effect of the past disallowance, it argues, is final and binding since there is no means by which a carrier can recoup the loss caused by disallowance during the period of time from the effective date of the reduced rates and the effective date of any revisions. *Id.*

11. Nevada Bell responds to the oppositions of AT&T and MCI. Nevada Bell argues that since AT&T and MCI fail to address either of the two grounds it presented for reconsideration, the Bureau should reject their oppositions. Nevada Bell Reply at 2. It also asks the Bureau to dismiss their argument that the *March 22 Order* is interlocutory. Furthermore, Nevada Bell states that the Bureau has the authority to reconsider these issues on its own motion, even if the order is interlocutory. *Id.*

12. In its reply, US West reiterates the positions presented in its petition and asks the Bureau to dismiss the three oppositions.

III. DISCUSSION

13. After reviewing the petitions for reconsideration and associated pleadings, we conclude that the petitions should be dismissed. The *March 22 Order* stated:[3]

> We wish to emphasize that neither these partial rate allowances nor the [rate adjustment factors] used to implement them are rate prescriptions pursuant Section 205(a) of the Communications Act, 47 U.S.C. § 205(a). They represent, rather, partial authorizations of rates to the extent necessary to correct apparently erroneous aspects of the rate development process as set out in the LEC tariff filings and subsequent material of record. LECs are free to file revisions to the resultant rates at any time. Of course, such filings must be accompanied by relevant cost support information and we would expect a LEC that files rate increases to address fully the considerations which led us to conclude that the rates filed in these transmittals should be subject to Section 204(b) partial authorizations.

14. As we stated in dismissing petitions for reconsideration of the Bureau's Order regarding the Annual 1988 Tariff Filings, reconsideration is not appropriate in view of the tentative nature of a disallowance ordered pursuant to Section 204(b).[4] For this same reason, we conclude that the petitions for reconsideration of the Bureau's *March 22 Order* should be dismissed.[5]

IV. ORDERING CLAUSE

15. Accordingly, IT IS ORDERED that the petitions filed by the Ameritech Operating Companies, the BellSouth Telephone Companies, Nevada Bell, Pacific Bell, the Mountain States Telephone and Telegraph Company, Pacific Northwest Bell Telephone Company, Northwestern Bell Telephone Company and the Public Service Commission of the District of Columbia, requesting reconsideration of the *March 22 Order* regarding Annual 1989 Access Tariff Filings, ARE DISMISSED.

FEDERAL COMMUNICATIONS COMMISSION

Gerald Brock
Chief, Common Carrier Bureau

FOOTNOTES

[1] Annual 1989 Access Tariff Filings, Memorandum Opinion and Order, 4 FCC Rcd 3638 (Com.Car.Bur. 1989) (*March 22 Order*). Applications for review of the *March 22 Order* were filed by Bell Atlantic, BellSouth, and GTE Telephone Companies.

[2] 47 U.S.C. § 204(b). That section provides in part:

> [T]he Commission may allow part of a charge, classification, regulation, or practice to go into effect, based upon a written showing by the carrier or carriers affected, and an opportunity for written comment thereon by affected persons, that such partial authorization is just, fair, and

reasonable. Additionally, or in combination with a partial authorization, the Commission, upon a similar showing, may allow all or part of a charge, classification, regulation or practice to go into effect on a temporary basis pending further order of the Commission.

[3] *March 22 Order* at para. 638.

[4] Annual 1988 Access Tariff Filings, Memorandum Opinion and Order, 3 FCC Rcd 5275, 5276 (Com.Car.Bur. 1988).

[5] We note that a number of carriers, as was appropriate, filed tariff revisions seeking rate increases based upon reinstatement of certain justified costs. *See, e.g.*, New York Telephone, Transmittal No. 989; New England Telephone Company, Transmittal Nos. 990 and 993. BellSouth and US West have also filed such revisions, as well as petitions for reconsideration.

While we are dismissing the petition for reconsideration filed by the DC Commission on procedural grounds, we note that the argument it raised regarding reduction of the subscriber line charge paid by District of Columbia customers is correct. We also note that, in a separate action, the Bureau granted the relief the DC Commission sought in its petition for reconsideration. *See* Local Exchange Carrier Tariff Rate Levels, Memorandum Opinion and Order, DA 89-742, released June 28, 1989, at paras. 163-164.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 87-504

In re Applications of

ANCHOR BROADCASTING LIMITED PARTNERSHIP	File No. BPH-860917MD
SELBYVILLE BROADCASTING CO., INC.	File No. BPH-860918MB
GALAXY COMMUNICATIONS, INC.	File No. BPH-860918NY
SUSAN M. BECHTEL	File No. BPH-860918OV

For a Construction Permit for
a New FM Station on Channel 250A
(97.9 MHz) in Selbyville, Delaware

Appearances

Lewis I. Cohen and *Roy W. Boyce*, on behalf of Anchor Broadcasting Limited Partnership; *Dennis J. Kelly*, on behalf of Selbyville Broadcasting Co., Inc.; *Barry D. Wood* and *Ronald D. Maines*, on behalf of Galaxy Communications, Inc.; *Gene A. Bechtel*, on behalf of Susan M. Bechtel; and *Jerry Hermele*, on behalf of the Chief, Mass Media Bureau.

INITIAL DECISION OF ADMINISTRATIVE LAW JUDGE JOSEPH CHACHKIN

Issued: July 14, 1989; Released: July 24, 1989

PRELIMINARY STATEMENT

1. This proceeding concerns mutually exclusive applications for authority to construct and operate a new FM commercial radio station on Channel 250A at Selbyville, Delaware. Of the ten applicants designated for hearing, the following four have prosecuted their applications up to this point: Anchor Broadcasting Limited Partnership (Anchor); Selbyville Broadcasting Co., Inc. (SBC); Galaxy Communications, Inc. (Galaxy); and Susan M. Bechtel (Bechtel).

2. The Hearing Designation Order, 2 FCC Rcd. 7051 (1987), specified the following issues with respect to the four remaining applicants:

(1) To determine which of the proposals would on a comparative basis, best serve the public interest.

(2) To determine, in light of the evidence adduced pursuant to the foregoing issue, which of the applications should be granted, if any.

The *HDO*, at paragraph 15, directed that the areas and populations within the applicants' predicted 1 mV/m contours, together with the availability of other primary aural services in such areas, be considered under the standard comparative issue. No other issues have been added.

3. A prehearing conference was held in this case on January 25, 1988. Hearing sessions were conducted on May 24, 25, and 26, 1988. The record was closed on May 26, 1988 (Tr. 637). Proposed Findings of Fact and Conclusions of Law were filed September 2, 1988; replies thereto were filed September 21, 1988.

FINDINGS OF FACT

Comparative Issue

Comparative Coverage

4. The parties stipulated that all of the areas within each of their predicted 60 dBu contours currently receive at least five full-time aural commercial services, not including the services proposed by each applicant (Joint Ex. 1). The population and area comparisons of the facilities requested by the remaining four applicants in this proceeding are:

Applicant	Population Within 60 dbu	Area (sq. km) Within 60 dBu
Anchor	33,350	920
SBC	33,644	931
Galaxy	39,753	1,192
Bechtel	40,465	1,200

The Applicants

Anchor Broadcasting Limited Partnership

5. Anchor is a Delaware limited partnership with one General Partner, Herman F. Stamps, who has a 25 percent ownership interest and three limited Partners, Ridgley C. Bennett, R. Kenneth Mundy and Francis L. Smith, who each have a 25 percent ownership interest (Anchor Ex. 1, p. 1). Stamps is a retired dentist and the limited partners are two practicing physicians (Bennett, Smith) and a practicing attorney, Mundy (Anchor Ex. 2; Tr. 260-262, 271). The dental, medical and law practices are located in Washington, D.C. *Id.*

6. The four partners have been friends for many years (Tr. 150, 258, 313). Also, they each held a 25% equity interest in District Broadcasting, Inc. (District) which challenged the license renewal of WOOK-FM, Washington, D.C. (Tr. 48-49). District's application was filed in 1978 and prosecuted until 1986 when it entered into a settlement with United Broadcasting Company (Tr. 49). Stamps was the only principal proposed to be integrated in District (Tr. 49). Stamps testified that he preferred District to be organized as a limited partnership but that Cohen and Berfield, his counsel, advised against it (Tr. 136-137). He believes he was told that that organizational form was not acceptable to the Commission (Tr. 137). Other than the District application and the pending Anchor application, the four partners have not been in a business venture together (Tr. 56).

7. Following dismissal of the District application, the four partners continued to be interested in obtaining a broadcast license (Tr. 54). Smith asked Cohen and Berfield to notify him if any new opportunities in radio came along (Tr. 283). Smith was notified of the Selbyville FM opportunity and in turn notified Stamps, Mundy and Bennett (Tr. 55, 256, 283, 316).

8. The decision to form a limited partnership was made on the advice of counsel (Tr. 136-137, 270). The limited partnership form was chosen because Bennett, Smith, and Mundy were not interested in devoting time to the management of the station and only wished to be investors; the limited partners wanted limited liability; only Stamps had the time and inclination to be actively involved in the proposal; and to obtain full integration credit (Tr. 271-274, 302).

9. Section 10 of the Agreement states in pertinent part:

> "Except as expressly stated herein, all decisions of the Partnership shall be made by the General Partner, and the Limited Partners shall not participate in the management of Partnership affairs."

Section 13 of the Agreement states in pertinent part:

> "No Limited Partner shall participate in the control of the Partnership business or have any power to bind the Partnership in any contract, agreement, compromise or undertaking . . . "

The provision further provides that the General Partner is required to obtain concurrence of the limited partners only in connection with the following actions: the dissolution and winding up of the partnership; the sale, exchange, lease, mortgage, pledge or other transfer of all or substantially all of the partnership assets other than in the ordinary course of its business; a change in the nature of the business; and removal of the General Partner pursuant to Section 22 of the Agreement. Section 13(b) provides:

> "No Limited Partner shall act as an employee, agent, contractor or consultant of the Partnership in connection with the Partnership's media enterprises nor shall any Limited Partner communicate with the General Partner or the Partnership on matters pertaining to the day-to-day operations of any media enterprise."

Section 22 of the Agreement permits removal of the General Partner only in the event of bankruptcy or incompetence as adjudicated by a court of competent jurisdiction. Section 23(e) of the Agreement provides:

> "The parties desire and intend that this Partnership Agreement fulfill all requirements of the Federal Communications Commission (FCC) for non-attribution of the Limited Partner(s) for any ownership, comparative or other purpose. Accordingly, it is intended that this Agreement be construed to meet all such FCC requirements, and that said requirements shall supercede any provision herein deemed to be inconsistent therewith or which impair in any way said FCC requirements."

10. The four partners are fully aware of the provisions of the Agreement precluding participation in partnership affairs by the limited partners and all have pledged to adhere to those restrictions (Tr. 153-155, 162-163 (Stamps); Tr. 264, 266, 270, 279 (Mundy); Tr. 298-299 (Smith); Tr. 314-315 (Bennett)). Stamps and Anchor's attorney have been responsible for the preparation and prosecuton of Anchor's application (Tr. 65, 69, 70). The limited partners' only involvement was to provide counsel with information about themselves required by the application form (Tr. 102).

11. Pursuant to Section 7 of the Agreement each partner (general and limited) has the same financial obligation to the partnership. The Agreement requires each partner to contribute up to $21,250 for a total of $85,000. This sum was intended to cover prosecution expenses. Each partner agreed, prior to the filing of Anchor's application, to contribute 25% of the funds necessary for construction and initial operation (Tr. 63, 91-92, 280-281, 289, 306).

12. Dr. Stamps, Anchor's sole General Partner, holds a B.S. Degree from Howard University and a D.D.S. Degree from Howard University. He holds a Post Doctoral Master of Science Degree from the University of Michigan. He is a Black male (Anchor Ex. 2, p. 1). From 1948 to 1955 and from 1966 until 1986, Dr. Stamps was a faculty member in various capacities with Howard University Dental School in Washington, D.C. More particularly, he served as the Associate Director of Clinical Dentistry from 1968 through 1969. From 1969 to 1971, he served as the Director of Clinical Dentistry. In that capacity, he supervised approximately 200 persons, including professional and supporting staff. He served as the Coordinator of Facilities and Planning from 1971 until he retired in July 1986. In that position he directly supervised approximately 10 persons. As Coordinator, he was responsible for the development of management systems, monitoring safety programs and security programs. Part of his duties also involved coordinating building contracts and renovation contracts. He represented the user (the College of Dentistry) in dealing with contractors, architects, lawyers, tradesmen or any other persons involved in a particular project. While serving as Coordinator, he was responsible for renovation of the existing dental building and the addition of two floors. He also had primary responsibility in representing the University in a major OSHA proceeding. He supervised the construction of a television studio and visual aid laboratory which was utilized to train students (Anchor Ex. 2, p. 1-2).

13. Dr. Stamps has served as the Managing Director of three medical complexes located in Washington, D.C. during the years 1964 through 1984. These medical complexes were full-service facilities which treated patients. His duties included: maintaining the communications system, coordinating financing, coordinating all purchases and utility services rendered to the complexes. He also supervised the employees involved in maintenance. He had responsibilities dealing with vendors and other business organizations which provided services to the complexes. He was also responsible for liason with governmental agencies and negotiating grants and service contracts (Anchor Ex. 2, p. 2).

14. Dr. Stamps will be the full-time General Manager of Anchor's proposed station in Selbyville, Delaware. He will devote a minimum of forty (40) hours per week, Monday through Friday, and additional time if needed, to

his duties as General Manager. He will oversee the ordering of the equipment and the construction of the station. He will recruit and select the staff of the station, and will be in charge of staff changes, setting of salaries and benefits, and any other personnel matters. He will also be in charge of the station's Equal Employment Opportunity Program. All station personel will ultimately report to him and be subject to his decisions. He will exercise overall supervisory responsibility for the programming and business operation of the station and will be responsible for all aspects of the day-to-day operation of the facility (Anchor Ex. 2, p. 2-3; Tr. 127-128).

15. Dr. Stamps has never lived in the Selbyville area. He proposes to live Monday through Friday within the predicted city contour, if not the city limits of Selbyville, should Anchor be the successful applicant (Anchor Ex. 2, p. 3; Tr. 140-141). Dr. Stamps, who is 62, has been retired since July 1, 1986 and has no current employment. His only business interests are real estate investment and securities which involve about 3 hours a month of his time (Tr. 76, 130-131). Dr. Stamps stated that after two years of retirement, during which time he has recovered from the sudden death of his wife, he is ready to return to work. If Anchor's application is not successful, he intends to pursue another broadcasting venture (Tr. 156-157).

DIVERSIFICATION

16. Neither Anchor nor any of its partners owns any interest in any medium of mass communications (Anchor Ex. 2, p. 1).

Selbyville Broadcasting Co., Inc.

17. SBC is a Maryland Corporation with one class of voting stock all of which is owned by Rita A. Capobianchi who is also President, Secretary, Treasurer and sole director (SBC Ex. 1).

18. Ms. Capobianchi proposes to work at least 40 hours per week at SBC's proposed station as General Manager (SBC Ex. 2, p. 1). She is a Caucasian female who does not reside within the service area of SBC's proposed station but proposes to relocate her residence to such area in the event SBC's application is granted (SBC Ex. 2, p. 2). Ms. Capobianchi plans to limit her presence in the Selbyville area to Monday to Friday and return to her family home in Chevy Chase, Maryland on weekends (Tr. 506). No claim is interposed for broadcast experience in SBC Ex. 2.

19. Ms. Capobianchi's current employment is as Director of operations of DB Communications, Inc., a Bethesda, Maryland consulting radio engineering firm (SBC Ex. 2, p. 3). There she oversees "the operations of the office, entailing recruiting engineers, interviewing them, hiring, doing the financial quarterly reports for the company, sending the statements out, posting them, and overseeing, in general, the entire running of the offices" (Tr. 325).

20. Ms. Capobianchi holds 25 percent of the stock in DB Communications. Her husband, Darrell Bauguess, holds 51 percent of the stock. The remaining stock has not been issued (Tr. 324). In other words, Mr. Bauguess holds 67 percent (51/76) of the issued stock and his wife holds the remaining 33 percent. Also, Ms. Capobianchi and her husband are the sole directors in DB Communications. Ms. Capobianchi is also Secretary/Treasurer of the corporation (Tr. 324).

21. SBC's direct case states that she "will resign from her current employment as Director of Operations of DB," (SBC Ex. 2, p. 2). She will, however, retain many of her ties to DB Communications. There is no evidence that she will sell her interest in DB, if indeed there would be any market for her minority share of this family company. At the time of the hearing, Ms. Capobianchi had not given thought to selling her ownership interest in DB Communications (Tr. 348). She was not prepared to make a firm commitment to sell (Tr. 349). In addition, there is no evidence that she will resign as Director and officer. More importantly, SBC presented no evidence of her ability to relieve herself of the substantial time commitment she now carries with respect to DB. There was no showing that her husband or other employees would be able to take over for her or that any steps had been taken or even consideration given to train someone else for her job.

22. A substantial amount of the prosecution costs for this application, including all legal fees paid up to the time of Ms. Capobianchi's deposition, have been paid by DB Communications. DB also prepared the engineering for the SBC application (Tr. 323, 331, 382; Galaxy Exs. 3-5). Bauguess met with the banker to discuss SBC's loan. There was no written loan agreement between DB Communications and SBC, nor any resolution authorizing the payment of the costs (Tr. 328). She considered it a no-interest "officer advance" and she "just wrote a check [on DB's account]" (Tr. 329). There were no terms governing the advance (Tr. 329).

23. At the hearing, Ms. Capobianchi testified that she did not intend, at the time of her deposition, to continue paying prosecution costs with DB Communications funds (Tr. 378). This was a contradiction of her deposition testimony that she intended DB to continue to pay the prosecution expenses (Tr. 381).

24. Ms. Capobianchi testified that she no longer pays prosecution costs out of DB Communications funds (Tr. 340). She could give no reason for changing the practice (Tr. 341). She had her own personal checking account at the time the funds were taken from the DB Communications account, (Tr. 341), and therefore could have made the payments to her attorney herself. Ms. Capobianchi testified that her husband, the controlling owner of DB Communications, was not aware that she was giving herself these "officer advances" (Tr. 337). She never told him about it (Tr. 337, 339-340).

25. She denied that her husband told her not to use DB Communications funds for prosecuting the Selbyville application (Tr. 344, 408). Yet her husband's testimony was that he did tell her not to use DB funds: "All I know is that I have directed her not to use DB Communications funds from this period [date of deposition testimony] on" (Tr. 410).

26. Ms. Capobianchi did not personally prepare any part of SBC's application. That portion not prepared by DBC was prepared by former counsel who had also performed legal work for another entity in which Mr. Bauguess (but not Ms. Capobianchi) had an interest (Tr. 509-510, 514-515). Ms. Capobianchi has been represented in connection with other applications filed with the Commission by the same lawyer who represented Bauguess when he was deposed in this proceeding (Tr. 367, 370).

27. Ms. Capobianchi has pending applications for new FM stations at Murrells Inlet, South Carolina, and Charlottesville, Virginia, in addition to the Selbyvillel applica-

tion (SBC Ex. 2, p. 1). Under cross examination, she testified that she intends to become integrated in the management of either the Murrells Inlet station or the Charlotesville station should she be unsuccessful in this application (Tr. 356-357). If the Charlottesville application is granted first, Ms. Capobianchi would "probably have to go with Charlottesville" (Tr. 370). By "go with Charlottesville," she meant that she would be involved directly in the management of the Charlottesville station and would probably be a full-time manager there (Tr. 454). Similarly, she would go with the Murrells Inlet proposal if it is granted first (Tr. 371). Neither the Charlottesville nor the Murrells Inlet applications contains any statement that if Ms. Capobianchi were to win Selbyville, she would dismiss either application (Tr. 362-363). On redirect examination, Ms. Capobianchi testified that she does not intend to abandon her "integration" for Selbyville when the South Carolina and Virginia application are designated for hearing (Tr. 521-522). When questioning brought out the inconsistency of her earlier testimony, she stated she had changed her mind (Tr. 523-526).

28. Bauguess and Ms. Capobianchi have three children, ages 7, 11 and 15. She has never had more than casual discussion with her husband as to who would care for them if she moves to Selbyville (Tr. 352-353). They will not accompany her to Selbyville and she plans to rely upon her husband (who is employed full-time at DBC) and her mother. She has not, however, discussed her plans with her mother (Tr. 371-372). She does not believe her mother (who does not reside with the family) will do more than she does now, which is to prepare dinner. She views her eldest two children as being sell-sufficient (Tr. 504-505). The DBC offices are located in close proximity to the Bauguess residence and the children's schools (Tr. 522-523).

DIVERSIFICATION

29. Neither SBC nor Rita A. Capobianchi has any other mass media interests directly (SBC Ex. 1, p. 1). However, Ms. Capobianchi's husband, Darrell Bauguess, holds a 15 percent interest in Ravena Broadcast Partners which has been granted a construction permit for a new FM station at Ravena, New York.

Galaxy Communications, Inc.

30. Galaxy is a Delaware Corporation with one class of voting stock. All of the stock is owned by Alexander Soroka who is also President and Chairman of the Board. Gregory Lanier Walls is a member of the Board of Directors and Secretary-Treasurer of Galaxy. He owns no stock (Galaxy Ex. 1, 1).

31. Soroka proposes to work at least 40 hours per week as General Manager at Galaxy's proposed station. No claim is made that Soroka is a minority or has broadcast experience (Galaxy Ex. 1, p. 2; Tr. 593).

32. As of October 1987, Soroka's permanent residence was in Laurel, Maryland (Tr. 569-570). On October 9, 1987, Soroka purchased a home in Selbyville and now spends 80% of his time there. The remaining time is spent in Maryland (Tr. 636-637). Soroka has not sold his Laural residence; his son lives there (Tr. 570). During the summers of 1986 and 1987, Soroka lived in a trailer parked in a trailer park located at Fenwick, Island, Delaware (Tr. 569, 571, 633). After the trailer park closed, on his periodic visits to the ocean, Soroka stayed at his brother's condominium in Ocean City, Maryland (Tr. 577).[1] Soroka was registered to vote in Maryland and filed his income tax in that state for the years of 1986 and 1987. Soroka did not file a tax return in Delaware for either 1986 or 1987. As of May 1988, he had not changed his voting registration to Delaware (Tr. 571, 572, 547).

33. Soroka became a member of the Lions Club of Selbyville, Delaware in January, 1988. His only activities have been in attending meetings and selling raffle tickets for an unspecified purpose in April 1988 (Tr. 572-574). Soroka has been elected as an officer of that organization for the coming year (Tr. 573).

DIVERSIFICATION

34. Soroka owns 1,022 shares of Westinghouse Electric Corporation stock (Galaxy Ex. 1, p. 3). Westinghouse Electric Corporation is the parent corporation of Westinghouse Broadcasting Company which holds various FCC licenses (Galaxy Ex. 1, p. 3). These shares represent less than .001 percent of the outstanding shares in Westinghouse Electric Corporation (Galaxy Ex. 1, 3). Soroka has no other interest in any medium of mass communications (Galaxy Ex. 1, p.3).

Susan M. Bechtel

35. Susan M. Bechtel proposes no integration of ownership and management.

DIVERSIFICATION

36. Ms. Bechtel has no media interests.

AUXILIARY POWER

37. Anchor, SBC, Galaxy and Bechtel each propose to install an auxiliary power source to permit continued operation of the new station when electric power normally supplied by the local utility is interrupted (Anchor Ex. 2, p. 3; SBC Ex. 3, p. 1; Galaxy Ex. 2, p. 1; Bechtel Ex. 1, p. 1).

CONCLUSIONS

DIVERSIFICATION

38. Neither Galaxy, Bechtel nor Anchor has any attributable media interests. Soroka's Westinghouse stock is infinitesimally small compared to the overall ownership of the company. Therefore, Galaxy will not be assessed a diversification demerit. SBC receives a diversification demerit due to Darrell Bauguess' 15% interest in a new FM station in Ravena, New York. SBC has not rebutted the presumption that one spouse's media interests are attributable to the other. The demerit is only a slight one since Ravena is roughly 200 miles from Selbyville and Bauguess' interest is less than controlling.

COMPARATIVE COVERAGE

39. Bechtel will serve 712 more people than Galaxy (1.78%), 6,821 more people than SBC (20.27%), and 7,115 more people than Anchor (21.33%). No applicant proposes to serve any white, gray or underserved areas.

The Commission has awarded slight preferences to applicants providing substantially greater overall coverage even where the additional area to be served is already well-served by five or more existing services. *Christian Broadcasting of Midlands, Inc.*, 99 FCC 2d 578, 582-583 (Rev. Bd. 1984). Since Becthel and Galaxy will cover only about 20% more total population than SBC and Anchor, and since all of the areas involved are already well-served, Bechtel and Galaxy receive only "very slight" preferences for their coverage proposals. *Resort Broadcasting Co., Inc.*, 41 FCC 2d 640, 647 (Rev. Bd. 1973).

INTEGRATION

40. Anchor's 100 percent full-time integration proposal will be fully credited. Anchor's sole General Partner, Herman F. Stamps will serve in a managerial capacity and no evidence has been adduced undercutting the reliability of Stamps' integration proposal. The attacks on the reliability of Stamps' integration proposal are groundless and rest on speculation and conjecture. It is alleged that Stamps has placed a 2 to 3 year limit on his proposed integration. Galaxy seizes on Stamps' defining "forseeable" as 2 to 3 years into the future (Tr. 133). However, it is clear that Stamps was merely indicating that he did not view the future as being foreseen beyond 2 to 3 years, rather than an indication that his commitment would expire at the end of that time period. Viewed in its entirety and in its proper light, the clear import of Stamps testimony is that his time commitment has no fixed duration, assuring the "permanence" required by the Commission. Anchor's opponents also urge that Stamps' proposal is not credible because of his "peripatetic lifestyle," his past vacations, his ownership of different residences and a boat and his age. These contentions which are fully refuted by Anchor's Reply, are bereft of evidential support and provide no basis to diminish Anchor's integration credit. Similarly, the fact that the District application proposed the hiring of a general manager whereas here Stamps is proposed as general manager is of no consequence. As noted by Stamps, the situations are not comparable. The District application sought a license in a much larger market than Selbyville (Tr. 79). Further, the fact that Stamps might at some point in the future hire a station manager does not raise doubt as to his integration commitment. There is no evidence that such possible staffing change would alter Stamps' full-time managerial participation in the station's day-to-day operations.

41. There is also no evidence suggesting that Anchor's limited partnership is a "sham." The typical "sham" arrangement features a minority and/or female general partner who has a minor equity interest, minimal financial input and no prior relationship with the non-minority limited partners. Here, on the other hand, all the principals are minority members with equal equity interests, equal financial responsibilities who have known each other over a long period of time. Further, Anchor's Agreement contains the requisite provisions restricting the limited partners to a passive role. There is no evidence that the limited partners have been actively involved in the preparation and prosecution of Anchor's application or would assume an active role if the application was granted. As recited in paragraph 10, *supra*, the four partners are fully aware of the provisions of the Agreement precluding participation in partnership affairs by the limited partners and all have pledged to adhere to those restrictions. The Presiding Judge has no reason to question the sincerity of their pledges. Moreover, the fact that the financial contributions set forth in the Agreement cover only prosecution expenses and that contributions to cover costs of construction and operation were initially set forth in an oral agreement, subsequently confirmed in writing, does not raise questions as to the *bona fides* of the limited partnership.

42. Anchor's proposal is qualitatively enhanced by Stamps' status as a minority as well as his proposed future residence in the service area. Anchor is entitled to slight credit for proposing auxiliary power.

43. SBC seeks 100 percent integration credit based on the proposed integration of its sole stockholder, Rita A. Capobianchi. SBC's integration proposal will not be credited. Ms. Capobianchi currently oversees "the entire running of the office" of DB Communications, the consulting engineering firm wholly owned by Ms. Capobianchi and her husband. She baldly states that she will "resign" from her position with DB Communications. However, she has utterly failed to demonstrate her ability to effectuate that fundamental change in her work responsibilities. No evidence has been offered showing how her critical responsibilities would be discharged while she is required to be in Selbyville at the radio station. The likelihood of the effectuation of Ms. Capobianchi's integration pledge is further rendered questionable by Ms. Capobianchi's unwillingness to dispose of her ownership interest in DB Communications and resign as an officer and one of the two directors of the company. In these circumstances, SBC has failed to meet its evidentiary burden in support of its claim for integration credit. *See Blancett Broadcasting Co.*, 17 FCC 2d 227 (Rev. Bd. 1969); *see also Fort Collins Telecasters*, 60 RR 1d 1401, 1407, 1408 (Rev. Bd. 1986).

44. Moreover, the operations of SBC to date (see paragraphs 22-26, *supra*), requires a conclusion that Ms. Capobianchi will not be in full control of SBC but rather that it, like DB Communications (DB) would be a family business involving (if not controlled by) Ms. Capobianchi's husband, Darrell E. Bauguess. To cite some examples, a substantial amount of the prosecution costs have been paid by DB; DB also prepared the engineering for the SBC application; Bauguess met with the banker to discuss SBC's loan; Ms. Capobianchi played very little role in the preparation of her application; the portion of the application not prepared by DBC was proposed by counsel who had also provided services to another entity owned by Bauguess. The record revelations concerning DB's and Bauguess' involvement in SBC may be merely the tip of the iceberg in light of Ms. Capobianchi's unwillingness to be candid and forthcoming when probed at the hearing. The unreliability of SBC's integration commitment is accentuated by Ms. Capobianchi's inconsistent testimony with respect to her integration plans for her other FM applications. The record makes unmistakeably clear that Ms. Capobianchi intends to hedge her bets among her three pending applications in Selbyville, Charlottesville and Murrells Inlet. Her integration proposal for Selbyville is, thus, contingent on the lack of grant of the other two applications during the pendence of this proceeding. Ms. Capobianchi's last minute change of mind and claim of fealty to Selbyville is not believable and is not accepted. No quantitative integration credit is awarded to SBC.[2]

45. Galaxy receives 100% integration credit based on the proposed integration of its sole stockholder, Alexander Soroka. Soroka will serve in a managerial capacity and no evidence has been adduced which raise doubt concerning his intention to fulfill his integration commitment. Galaxy also receives very slight credit for Soroka's local residence, established long after the filing of Galaxy's application. The Commission is primarily interested in residence of "several years' duration." *Policy Statement on Comparative Broadcast Hearings*, 1 FCC 2d 393 (1965). Only "spare" credit has been awarded even where local residence was established 15 months prior to the filing of an application, *MTF Enterprizes*, 99 FCC 297 (Rev. Bd. 1984). In this connection, Soroka's earlier summer sojourns in a trailer park and his periodic visits to his brother's condominium in Ocean City, Maryland to enjoy the ocean's delights were too temporary to warrant residential recognition. Galaxy also receives very slight credit for Soroka's recent and *de minimis* civic involvement with the local Lions Club. Galaxy also receives auxiliary power credit.

46. Bechtel does not seek and receives no integration credit. Bechtel receives auxiliary power credit.

COMPARATIVE CONCLUSION

47. Anchor is the comparatively superior applicant. Anchor and Galaxy have established their entitlement to 100% integration credit. Also, Anchor and Galaxy suffer no diversification demerit. However, Anchor prevails on qualitative enhancement. Anchor's substantial credit for 100% minority involvement, future local residence, and auxiliary power credit outweighs Galaxy's very slight credit for recent local residence,[3] recent and *de minimis* civic activity, auxiliary power credit, and very slight comparative coverage advantage. Therefore, Anchor's application is granted.

Accordingly, IT IS ORDERED, That unless an appeal from this Initial Decision is taken by a party, or it is reviewed by the Commission on its own motion in accordance with Section 1.276 of the Rules,[4] the application of Anchor Broadcasting Limited Partnership for a construction permit for a new FM station on Channel 250A in Selbyville, Delaware IS GRANTED; and the applications of Selbyville Broadcasting Co., Inc., Galaxy Communications, Inc. and Susan M. Bechtel ARE DENIED.

FEDERAL COMMUNICATIONS COMMISSION

Joseph Chachkin
Administrative Law Judge

FOOTNOTES

[1] Ocean City is within the 3.16 mV/m contour of the proposed station.

[2] Assuming credit was awarded, SBC's proposal would be enhanced by her female status, proposed future local residence, and slight auxiliary power credit.

[3] Local residence of "several years" duration as contemplated by the *Policy Statement* is of equal significance with minority ownership. *Radio Jonesboro, Inc.*, 100 FCC 2d 941 (1985). However, Soroka's local residence is only of short duration.

[4] In the event exceptions are not filed within 30 days after the release of this Initial Decision, and the Commission does not review the case on its own motion, this Initial Decision shall become effective 50 days after its public release pursuant to Section 1.276(d).

Before the
Federal Communications Commission
Washington, D.C. 20554

In re the Application of

GENERAL TELEPHONE COMPANY OF CALIFORNIA — File No. W-P-C-5927

For authority pursuant to Section 214 of the Communications Act of 1934 and Sections 63.01 and 63.57 of the Commission's rules and regulations, to construct and maintain broadband transport facilities in Cerritos, California;

and

For authority pursuant to Section 214 of the Communications Act of 1934 and Section 63.01 of the Commission's Rules and Regulations to construct, operate and maintain broadband transport fiber optic facilities in Cerritos, California. — File No. W-P-C-6250

MEMORANDUM OPINION ORDER, AND AUTHORIZATION

Adopted: April 26, 1989; Released July 17, 1989

By the Commission:

I. INTRODUCTION

1. Before the Commission are three applications for review of the Common Carrier Bureau's decision below (the *Order*),[1] which granted authority pursuant to Section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, and Part 63 of our rules, 47 C.F.R. Part 63, to General Telephone Company of California (General)[2] to construct and maintain broadband coaxial cable transport facilities in Cerritos, California (File No. W-P-C-5927). The applications for review were filed by Colony Communications, Inc. (Colony), California Cable Television Association (CCTA), and National Cable Television Association, Inc. (NCTA) (hereinafter collectively referred to as Petitioners). Oppositions were filed by the City of Cerritos (Cerritos), General, National Telephone Cooperative Association (NTCA) and United States Telephone Association (USTA). Replies were filed by CCTA and NCTA.

2. Also before the Commission is the above-captioned application by General filed pursuant to Section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, and Section 63.01 of the Commission's rules and regulations, 47 C.F.R. § 63.01, to construct, operate and maintain broadband fiber optic transport facilities in Cerritos, California (W-P-C-6250). The application appeared on public notice July 20, 1988. NCTA filed a Petition to Deny or Hold in Abeyance and CCTA filed comments generally supporting the application, but urging conditions. General filed an Opposition and Response and CCTA replied.

3. We discuss below the record generated by the applications for review of the Bureau Order granting General's coaxial cable application, as well as the record on General's fiber optic Section 214 application. We conclude that the totality of circumstances surrounding General's Cerritos project, including the public interest benefits of its coaxial cable, its fiber optic facility and its comparative technical and marketing testing program, constitutes good cause to waive the telephone company/cable cross-ownership rules subject to certain conditions set forth herein to minimize potential detriments.

II. BACKGROUND

4. *Coaxial cable proceeding.* General filed its Section 214 application for authority to construct coaxial cable facilities in Cerritos to serve two customers. The facilities would be used to connect Apollo Cablevision's (Apollo's) headend cable television facilities with Apollo's customers throughout Cerritos. In addition, half of the cable capacity would be leased to General's affiliate, GTE, which would conduct comparative testing of coaxial cable, fiber optic and copper wire, for carriage of voice, data and video signals. The system proposed by General consists of approximately 170 miles of coaxial cable designed to pass more than 16,000 locations. The system design calls for a 78 video channel, bi-directional, sub-split facility, consisting of a single feeder design from Apollo's headend to end user taps. General noted that, in terms of bandwidth, both Apollo and GTE would have access to 275 MHz, and that GTE's lease incorporates rates, terms and conditions similar to those in the lease with Apollo. The cost of the facilities was estimated at $7.5 million.[3]

5. In its *Order*, the Bureau found that General's proposal included a contractual relationship between General and Apollo, through Apollo's principal, T.L. Robak, that violated the affiliation prohibition of the Commission's telephone/cable television company cross-ownership rules, 47 C.F.R. §§ 63.54 and 63.55. The Bureau found, however, based on the record,[4] that for purposes of the Cable Communications Policy Act of 1984 (Cable Act) and the Commission's rules, absent General's proposal, cable video programming service as specified by Cerritos' RFP (request for proposals) could not exist in Cerritos. It therefore granted waiver of the cross-ownership rules. In order to assure that General would not cross-subsidize its provision and operation of the coaxial cable system by recovering related costs from its telephone service ratepayers, the Bureau conditioned its grant on General's compliance with the accounting rules adopted in the *Joint Cost Order*.[5] In particular, the Bureau required that no costs associated with the construction, operation or use of the Cerritos cable system shall appear in any General or GTE Service Company service rate base or as a regulated expense without prior authority from the Commission. The Bureau also authorized GTE to conduct tests and ordered it to submit annual reports on the progress of those tests.

6. Shortly thereafter, Colony filed a petition to stay the effectiveness of the Bureau's *Order*. Colony alleged that the Bureau's action was procedurally and substantively defective. Using the standards set forth in *Washington Metropolitan Area Transit Commission v. Holiday Tours, Inc.*, 559 F.2d 841 (D.C. Cir. 1977) and *Virginia Petroleum Jobbers Ass'n v FPC*, 259 F.2d 921 (D.C. Cir. 1958), the Bureau concluded that Colony had not shown that it would be irreparably harmed absent a stay, and denied its petition.[6]

7. *Fiber optic application.* In its fiber optic application, General states that its proposed fiber facilities ultimately will provide the ability to serve approximately 5000 homes in the city of Cerritos. In the initial phases General will install enough fiber to pass approximately 1000 homes.[7] The entire capacity of the fiber optic facility will be leased to General's affiliate, GTE Service Corporation, to be used in conjunction with the Cerritos coaxial cable television system for testing purposes.[8] Some subscribers who elect cable television service will have a fiber duct placed at their home during the installation of the coaxial duct to avoid future aggravation of their properties. Two single mode fibers per customer, obtained from several manufacturers, will be installed to test, individually and comparatively, broadband and narrowband services, broadband technologies, network architectures and operations, administration and maintenance concepts. General further discloses that the conduit will be designed and built to provide flexibility for testing various topologies, including star, distributed star, and distributed star/ring designs. The optical fiber switching and multiplex equipment will have the ability to test both analog and digital concepts. The electronic equipment included in this fiber optic test bed, General states, is either advanced production prototype or highly experimental. Thus, according to General, all equipment is being installed for the sole purpose of near term service operations and technology testing, and therefore is not viewed as permanent. General also states that it plans to conduct five technology tests and four service experiments in the initial stage of the fiber optic test bed, as well as experiment with new technology. The technology tests consist of five groups: passive component, supertrunk, "pure" telephony (voice/data only), analog CATV and digital voice/data, and high capacity intergrated voice/data/video tests. The service experiments include: Enhanced Quality TV Transmission, Video on Demand, Network-Based Multiscreen Capability, and Multiplexing Techniques.

III. THE RECORD

A. Coaxial Application

8. Petitioners for review of the Bureau's *Order* argue that: (1) the *Order* exceeded the Bureau's delegated authority; (2) the *Order* impermissibly delegated to Cerritos enforcement of the cross-ownership rules; (3) the *Order* improperly found that video programming otherwise could not exist in Cerritos; (4) the Bureau impermissibly granted the waiver on its own motion; (5) the waiver will provide General with control over all three wires going into homes in Cerritos; (6) conditions in the *Order* to prevent cross-subsidization are unenforceable; and (7) good cause for waiver does not exist. In this order, we vacate the Bureau waiver and, as discussed in detail below, grant General a temporary waiver of the cross-ownership rules for good cause shown for the entire Cerritos project. Therefore, certain of Petitioners' arguments are moot. Accordingly, we will not discuss Petitioners' arguments that the Bureau's *Order*: (1) exceeded the Bureau's delegated authority; (2) impermissibly delegated authority to Cerritos; or (3) improperly found that video programming otherwise could not exist in Cerritos. We address Petitioners' remaining arguments below.

9. *Waiver filing requirement.* Colony and NCTA argue that the Bureau erred by waiving the cross-ownership rules on its own motion. Colony objects to the Bureau's determination that General's reply comments in response to the *November Order* constituted a waiver filing,[9] and claims that although it participated in that stage of the proceeding it was not afforded adequate opportunity to address the merits of a specific waiver request. NCTA adds that even if General is deemed to have filed a motion by its reply comments, interested parties had no opportunity to respond to General's waiver filing, as required by due process of law. NCTA also asserts that the Bureau ignored the Cable Act and the waiver rules and granted a waiver *sua sponte*. It argues that the statutory language that permits waiver only on filing a petition controls, *i.e.*, the provision of Section 63.56 of the rules which permits waivers on the Commission's own motion has been superseded.

10. In its opposition, GTE notes that subsection (b)(4) of Section 613(b) of the Cable Act provides that "waiver shall be made in accordance with section 63.56 as that Commission rule stood on September 20, 1984." GTE Opposition at 13. Because that date preceded final enactment of Section 613, GTE continues, it is clear that Congress was retaining the pre-existing Section 63.56, which allowed grant of waiver on the Commission's own motion. *Id.*, citing *Report and Order*, MM Docket 84-1296, 58 Rad. Reg. 1, 19 (1985).[10] Moreover, GTE suggests, Section 63.56(c), by reference to subsection (b)(3), calls for public notice by "appropriate means" of a waiver applicant's intent to construct and operate a cable system. *Id.* GTE concludes that there was a clearly adequate assortment of pleading opportunities related to its Opposition of April 16, 1987, its Opposition to Motion for Stay of May 20, 1988, Attachment 1, its waiver comments of December 10 and 21, 1987, and the record of permissible *ex parte* comments. Similarly, NTCA states that the Cable Act does not specifically prohibit a waiver on the motion of the Commission or of the Bureau under delegated authority. It adds that implicit in General's Section 214 application was a request for cross-ownership waiver, and notes that the parties in this proceeding actually had more time to comment on the waiver issue than they would in the usual waiver proceeding. NTCA Opposition at 4-5. For its part, USTA adds that the Commission's authority to waive the cross-ownership rules predated the Cable Act and must be viewed as an accepted aspect of the waiver provisions that are at issue here. USTA Opposition at pp. 5-6, n. 8.

11. *Three wires.* CCTA argues that General's plan to control all three wires to the home would directly contravene the policy behind the cross-ownership rules. By owning the telephone wire, the coaxial cable television system and the proposed fiber optic system, CCTA claims, General will own all three wires. It urges that a major goal of the cross-ownership prohibition since its inception has been to promote the possibility of multi-wire telecommunications competition within a community.[11]

NCTA also suggests that the Bureau should only have waived the rules to permit the construction arrangement. NCTA Application for Review at 22. NCTA urges that the broad waiver granted permits the telephone company to provide programming, which it may not have initially proposed. This result, it suggests, is at odds with Congress' intention that the Commission's waiver authority be narrowly construed. *Id.* at 23.

12. In response, General states that the Bureau issued a narrow waiver, and that Apollo's franchise is non-exclusive. General Opposition at 18. General also states that competition may be viable between or among two or more of the integrated providers of voice, data and video, so that the one-wire determination is not correct. *Id.* at n. 17. General notes that its right to provide programming under the waiver "means that Cerritos residents and businesses will not be denied new services merely because no provider independent of GTE wishes to offer them." *Id.* at 19. According to USTA, "it is Apollo that will actually provide the video programming, while General will construct the facilities [through] the streets and rights of way of Cerritos." USTA Opposition at 8.

13. *Conditions.* CCTA argues that the "Bureau has failed to address serious issues relating to cross-subsidy and unfair competition raised by CCTA." CCTA Application for Review at 22. It claims that the conditions of the *Order* cannot be effective. CCTA notes that there are other projects involving Robak and General which could serve as conduits for subsidies from General's telephone ratepayers to Robak and Apollo. *Id.* at n. 50.[12] Finally, CCTA asserts that General's agreement with GTE provides for interconnection of GTE's capacity on the Apollo/General system with General's local telephone system at no cost for switched voice and data traffic between the cable and telephone systems in Cerritos. CCTA urges that this interconnection be provided pursuant to a tariff that would guarantee any other cable system non-discriminatory access to local telephone systems owned by General in California. Otherwise, CCTA states, General will be able to abuse its local service monopoly to gain an advantage.

14. *Waiver for good cause.* In this proceeding, General seeks waiver of the Cable Act's prohibition against the provision of "video programming" by a telephone company, or its affiliate, within the telephone company's service area. General seeks this waiver to the extent necessary to engage in various technology tests and marketing trials, which will include the retail offering of video-on-demand.[13] Upon application for review, Cerritos urges that the record supports a finding that "good cause" exists for a waiver of the cross-ownership rules, in addition to the standard relied upon by the Bureau -- *i.e.*, that in the absence of a waiver, video programming "demonstrably could not exist" in Cerritos. It bases this view on the public interest showing offered in General's Section 214 application, at 6-7. Cerritos Opposition at 16-18. Similarly, General states that the technical trials of narrowband versus broadband coaxial and fiber media and the planned interactive services development, including video-on-demand, constitute a basis for granting a good cause waiver. In its reply, CCTA states that "[t]he burden of proof is on the telephone company to establish that the advantages of joint operation are so substantial as to outweigh the strong policy against it." CCTA Reply at 4. Citing *Sugar Land Telephone Company v. FCC*, 76 FCC 2d at 232, CCTA argues that General has not detailed any advantages of its ownership of the system and that General has not attempted to prove that the benefits of its ownership outweigh the strong policy against it.

15. CCTA alleges that, in contrast to the fiber system, General's coaxial system application "contains insignificant details of any planned testing, new services or technology . . . ." CCTA Fiber Comments at 3. CCTA notes that General claimed that video-on-demand would be tested, justifying a "good cause" waiver under § 63.56.[14] The point of CCTA's argument appears to be that, in fact, video-on-demand will not be tested on the proposed coaxial facilities. Rather, it states, General "admits that it will merely test something it is calling 'near video on demand' over the coaxial plant . . . ." *Id.* at 4. CCTA suggests that the Bureau granted its waiver based on the expectation that video-on-demand would be tested on the coaxial system. *Id.* CCTA also indicates that testing of a coaxial system does not require construction involving access to all 16,000 homes in Cerritos. *Id.* at 5.

16. In response, General asserts that the video-on-demand tests and trials contained in the coaxial and fiber applications are "evolutionary rather than contradictory." General Fiber Opposition at 5. It explains that technical evaluation of both pure and "near" video-on-demand is still contemplated. It states that on fiber, plentiful spectrum coupled with video switching capability makes the tradeoff between time diversity and expanded customer base unnecessary.[15] General concludes that both near and pure video-on demand "are advances in technology and consumer choice worthy of the good cause waiver standard of § 63.56." *Id.* at 6. In response to the allegation concerning all 16,000 homes, General notes that complete coverage was called for in the City's RFP, and that "[o]nce laid to reach all possible Apollo subscribers for cable TV purposes, it would be foolish to allow half the coaxial cable to lie fallow." *Id.* at 17.

17. CCTA replies that General's near video-on-demand technology is "a concept already rejected by cable's natural selection process." CCTA Fiber Reply at 2. It notes that World Video Library tried to market such a system in Rochester, New York in 1984 and was not successful. It concludes that "reviving a bad old idea can hardly constitute good cause for a waiver of the rules prohibiting ownership of the coaxial system." *Id.* at 3. CCTA argues that, apart from the "demonstrably could not exist" standard, the record does not support a finding that "other good cause" exists for a waiver. Citing *Sugar Land Telephone Company, supra*, at 236, CCTA contends "[t]here are no facts in the record that could form the basis for a decision that General's ownership of the cable system in Cerritos provides *any* public interest benefit, let alone one strong enough to overcome the policy in favor of the prohibition of cross-ownership." *Id.* at 18. CCTA urges that General's involvement is not necessary for capacity to be available to GTE for its testing because GTE, it states, is already testing advanced services over facilities owned by independent cable operators. GTE could lease 275 MHz for testing from Apollo without taking a financial interest in the system, CCTA argues. CCTA concludes that GTE has failed to show that its testing supports a finding of good cause, and GTE could obtain capacity from Apollo without a waiver.

B. Fiber Application

18. NCTA petitions the Commission to deny or hold in abeyance General's fiber application because it believes the application is related to General's coaxial application, upon which the Commission has yet to act. CCTA, on the other hand, supports General's fiber proposal. CCTA notes that the fiber application contains sufficient detail regarding the use of the proposed facilities to permit the Commission to make a public interest finding. The coaxial application, it claims, did not. It also believes the fiber project is properly sized. CCTA states that while General's initial fiber operation will pass only 265 homes,[16] it is large enough to allow General and GTE to test new, advanced technologies. By contrast, CCTA asserts that the coaxial project, which contemplates passing more than 16,000 homes represents an inappropriate scale for testing. Moreover, CCTA argues, the five year term of the lease arrangement between General and GTE is consistent with the near-term testing proposed by GTE. CCTA contends that, on the other hand, the fifteen year coaxial lease arrangement appears to be unwarranted in that no party has expressed any need for the coaxial capacity beyond five years.

19. In its opposition, General argues that NCTA merely reiterates arguments presented in NCTA's application for review of General's coaxial application. As a result, it says, NCTA has not demonstrated that the fiber application "'would be prima facie inconsistent' with the public interest." General Opposition at 3, citing 47 U.S.C. § 309(d)(1) and *Network Project v. FCC*, 511 F.2d 786 (D.C. Cir. 1975).[17]

20. Nor is NCTA's request for deferral persuasive, General claims. It explains that the fiber and coaxial systems are alike because both will carry video programming. Although the Bureau already has approved the coaxial proposal and has denied Colony Communication's request for stay of that decision, General states it realizes that the coaxial construction already underway is at its own risk and it does not take this responsibility lightly. Should the fiber application be granted before resolution of the coaxial appeals, General states, the same *caveat* would apply.

21. According to CCTA, after 18 months General admits that it does not plan to test true video-on-demand on its coaxial system. Instead, CCTA contends, General plans to test what General describes as "evolutionary" video service (near video-on-demand service) on the coaxial facilities. In CCTA's view this evolutionary service is nothing more than pay-per-view programming provided on a time diversity basis, a benefit the Commission no longer gives any weight.[18] Moreover, CCTA argues that General's near video-on-demand service does not represent an advancement in technology or consumer choice justifying a "good cause' waiver of the cross-ownership ban, because the idea is one that has already been rejected by the marketplace. CCTA relates that another corporation attempted to market this concept for 12 months, offering 40 channels to 300 customers in Rochester, New York, but that after all its marketing efforts, the corporation failed to sell its concept to a single cable company. Technically, the service can be provided, CCTA notes, but it has proven to be unmarketable. Reviving a bad idea hardly constitutes good cause for a waiver of the cross-ownership prohibition, it argues.

22. General, responding to CCTA, contends there are no contradictions as to video-on-demand tests and trials contained in its two applications. Earlier discussion of video-on-demand, it notes, spoke of such tests based on the limited bandwidth available on the coaxial cable. At that time, plans for the fiber systems were incomplete. Now that plans for the fiber are clearer, the GTE companies conclude that the higher capacity of the fiber system make it more suited to commercial trial of "pure" video-on-demand (VOD). However, General explains that technical evaluation of both systems is still contemplated, and associating "near" video-on-demand with the coaxial facilities merely means reducing time diversity in favor of serving more customers. Moreover, it continues to state that the 275 MHz leased by GTE on the coaxial system will be used to test voice, interactive video and near video-on-demand services. In General's view, both near and pure video-on-demand represent advances in technology and consumer choice worthy of the "good cause" waiver standard of 47 C.F.R. § 63.56. General Opposition at pp. 6, 7.

23. Although CCTA supports General's fiber application, it argues that any authorization issued should be conditioned to protect the public interest. CCTA believes the proposal is properly sized at coverage of 265 homes for the intended purpose and therefore urges the Commission to limit its approval to that level. CCTA contends that should General need to expand the geographic scope of its testing, it could reapply for the necessary authority.

24. Because it believes independent cable operators should also be able to experiment with integrated voice, video and data systems, CCTA requests that General's authorization be conditioned to require General to file a tariff providing other parties equal access to local dial tone which accesses GTE's fiber system. Such access would permit cable operators to conduct their own tests of integrated systems using GTE's network. To support its request, CCTA contends that local telephone companies such as General have an incentive to employ their monopoly position to stymie the development of their competitors' integrated telecommunications systems. However, the Commission can prevent such occurrences by imposing the requested condition, it argues.

25. Finally, CCTA complains that the lease agreement between General and GTE is a sham. CCTA contends that the current lease allows the parties to alter GTE's payment formula. Because General claims it will recover its fully distributed costs of the system through this agreement, CCTA believes the parties should not be allowed to alter the agreement. Therefore, CCTA urges the Commission to disallow the offending language contained in the agreement. *See* Application, Exhibit II Exhibit B, para. f.

26. General contends that CCTA's request for conditions on its fiber application is unwarranted. General claims that CCTA fails to distinguish between homes passed and those to be served in the fiber trial. According to General the captioned application states that the fiber system will be accessible to 5000 homes, but less than 1000 initially. In the initial phase customers served will range from 5 to 600, depending on the type of tests conducted. *See* Fiber Application, pp. 5-7. In its view, to limit the fiber authorization to the initial phase of approximately 1000 homes would mean delay and the need for future regulatory approval for expansion. Because such expansion would be based on successful initial trials, General suggests it would be "contrary to defer receipt of benefits by the citizens of Cerritos." General Opposition, p. 8.

27. General asserts that it and GTE have previously affirmed that GTE has a binding 15 year lease on the coaxial facilities, but, it points out, the comparative testing during that period is limited by the 5 year fiber optic system lease, unless renewed. If the trials end in five years and GTE no longer needs the spectrum, General states that the spectrum will be made available to Apollo or other interested parties. *See also* General Reply, August 18, 1987, at 5.

28. General explains that the waiver in the coaxial case moots the issue of filing a tariff there. As far as filing a tariff for the fiber system, it notes it cannot make that decision alone. With regard to the argument that cable operators are entitled to access to dial tone for resale purposes, General maintains that this is a matter for the California Public Utilities Commission (CPUC) to decide.

29. General asserts that CCTA's questioning of the fiber lease arrangement between the GTE companies is a rehash of the same issue the Commission addressed in the coaxial case. In addition, according to General, the clause CCTA now complains of is significantly different from the coaxial lease language. The coaxial lease appeared to allow GTE to stop paying for channels it withdrew from, but that was not the intent, General states. General Opposition and Response at p. 9.

30. CCTA also reiterates its rationale for requesting that General's fiber authorization be conditioned. In arguing that General should be required to file a tariff covering access to local dial tone service, CCTA concludes that General, by claiming that the CPUC has jurisdiction here, is attempting to use the Commission's pro-competitive policies to enter the video programming delivery market, while hiding behind CPUC's no-entry policies to deny others entry into its monopoly service areas. According to CCTA, proper jurisdiction relating to the tariff matter is not the issue, but rather that General be required to file a tariff regardless of the jurisdiction in which it would be filed.

IV. DISCUSSION

A. Waiver Filing Requirement

31. The gravamen of Petitioners' procedural argument is founded on the waiver language of Section 613(b)(4) of the Cable Act, which does not include the words "by its own motion."[19] General principles of statutory construction require that provisions be read together to accomplish the intended legislative objective.[20] The reading most consistent with this guidance, we conclude, is that the specific statutory reference in Section 613(b)(4) of the Cable Act to Section 63.56 of the Commission's rules, which contains the "by its own motion" language, incorporates the intent of Congress to permit the Commission to issue waivers of the cross-ownership rules on its own initiative. This reading also is consistent with the Commission's general waiver authority.[21] The Petitioners cited nothing in the legislative history to suggest that Congress did not intend to codify Section 63.56.[22] Therefore, we believe it is well within the Commission's authority to waive the cross-ownership rules on our own motion. In any event, given the Bureau's public notice soliciting comment on a possible waiver with respect to the coaxial facilities,[23] as well as the extensive public comment we have received with respect to possible waivers regarding both the coaxial and fiber facilities, it is apparent that all interested persons had a full opportunity to express their views regarding these possible waivers.[24]

B. Temporary Waiver for Good Cause

32. As a telephone company wishing to provide video programming in its own service area, General falls within the scope of the ownership restrictions codified in Section 613 of the Communications Act of 1934, as amended, 47 U.S.C. § 533. Section 613(b)(4) permits this Commission to waive the cross-ownership provisions of the statute for good cause "upon a finding that the issuance of such waiver is justified by the particular circumstances demonstrated by the petitioner, taking into account the policy of this subsection." 47 U.S.C. § 533(b)(4). Neither the statute nor its legislative history explicitly details the circumstances or policies relevant to consideration of a waiver for good cause. However, we believe that the waiver standard can be read in light of prior Commission precedent upon which the statutory restrictions in the Cable Act were largely modeled.[25]

33. When the Commission adopted the cross-ownership rules in 1970, we were concerned that, absent such a restriction, telephone companies might use their control of pole and conduit space to prevent or hinder competition by independent cable operations in favor of their own cable operations.[26] The Commission concluded that the preservation of a competitive environment would best be assured by the exclusion of telephone companies from engaging in the sale of cable television service to the viewing public in their telephone service areas.[27] Our concern was that telephone companies could preemptively eliminate independent cable television operations. We did not, however, wish to make that exclusion absolute, and we therefore established an exemption for rural areas unserved by cable service, as well as providing for waivers in other cases where cable television service demonstrably could not exist except through a system affiliated with the local telephone company or upon other showing of good cause.[28]

34. In 1978, the Commission sought to clarify what we would consider justification for a waiver under the good cause standard. We stated that we were prepared to waive the cross-ownership restriction in specific cases on a public interest showing that demonstrated the benefits that could flow from joint operation of cable television and telephone facilities. In particular, we stated that we expected to consider, among other things, recent technological developments.[29] Congress, in codifying our rules in the Cable Act, preserved the waiver provisions and established an automatic rural exemption. By these actions, Congress also preserved the Commission's ability to consider competing public policies that might, in a particular case, outweigh the policies underlying the cross-ownership restrictions.

35. We conclude that one such competing policy is the Commission's interest in the provision of new technologies and services to the public. In the interest of promoting new technologies and new services, the Commission often permits new services and new technological features to be offered on a trial basis, as a way of bringing advances in technology to the public while minimizing potential detriments.[30] The D.C. Circuit has found that the Commission has considerable latitude to permit experiments promoting technological innovation. In *United Telegraph Workers*, in affirming our determination to per-

mit the offering of the new Mailgram service, the D.C. Circuit found the experimental nature of the service significant.[31] Indeed, courts generally have given the Commission greater latitude in permitting experiments to go forward than they have in the area of permanent offerings.[32] In *United Telegraph Workers*, the court also emphasized the temporary nature of the offering, which was authorized as a two-year experiment.[33]

36. We have not had occasion to consider a waiver for good cause of the telephone company-cable television cross-ownership prohibition since we adopted regulations implementing the Cable Act four years ago. However, under circumstances somewhat comparable to those in this case, we granted a waiver for good cause of our television network-cable television cross-ownership prohibition. In 1980, CBS requested such a waiver in order to own cable television systems and provide service to 90,000 subscribers.[34] The Commission balanced the policies underlying our cross-ownership prohibition against the potential benefits accruing to the public from grant of CBS' waiver request, and concluded that a grant was warranted.[35]

37. The Commission made its decision to grant CBS a waiver in the context of arguments by CBS that its ownership of cable systems would contribute to the development of new cable technology as well as programming. CBS argued that ownership of cable systems was required to facilitate product development.[36] We found that at least some of the policy considerations underlying the cross-ownership rules were not compromised at all by a limited waiver.[37] In addition, we found that there were significant potential benefits in terms of increased technological progress in the telecommunications field. We stated that ownership of cable systems was necessary to achievement of these potential benefits, and that requiring CBS to contract with independently owned cable systems would create significant barriers to experimentation. The Commission noted that there were also potential detriments, specifically the potential for diminished diversity of program content controls. We determined that this diminution must be weighed against potential benefits from grant of the waiver. We then concluded that, on balance, the risks of adverse consequence to the public from grant of a waiver to CBS were outweighed by the potential benefits, *i.e.*, technical advances.[38]

38. It appears that an approach similar to the one we took in the CBS case, weighing potential benefits against potential detriments, is proper in this case as well. Congress concluded in the Cable Act that there generally are significant benefits to prohibiting telephone companies from providing video programming in their local service areas. However, Congress never intended that the prohibition on cross-ownership be absolute, for it codified both an expanded rural exemption and provisions specifically permitting the Commission to waive that prohibition in particular cases. Congress also directed this Commission, in the course of considering telephone company-cable waivers, to balance the purposes of the cross-ownership restriction with other policies.[39] In addition, the language of Section 613(b)(4) makes clear that the Congress intended to leave the Commission discretion to determine the circumstances in which a waiver for good cause would be appropriate. In particular, this Commission has discretion to determine in specific cases what competing policies and public benefits might outweigh the policies underlying the general cross-ownership ban.

39. We also note that the policy concerns underlying the statutory prohibition against telco-cable ownership are attenuated because of the limited waiver granted in the instant case. As discussed in detail below, the waiver is limited as to time, and restrictions have been imposed on the ability of GTE to provide video programming. Moreover, the waiver is limited to the City of Cerritos. As in the CBS case, the number of people affected by the waiver is a relevant consideration. Indeed, the number of people affected by this waiver is much smaller than in the CBS waiver and insignificant when compared to the entire universe of cable subscribers.

40. Our action here is fully consistent with this Commission's general policy of suspending our rules in limited circumstances to acquire information on both technological and marketing innovations in the telecommunications marketplace. For example, one aspect of the CBS case was the question of whether permitting CBS to develop "hands on" program marketing experience on its own system outweighed potential harm to competition and diversity.[40] Similarly, in an attempt to obtain information about the ability of cable systems to secure retransmission consent rights, this Commission waived its rules and allowed one cable system to experiment with this marketplace model. *In Re : Top Vision Cable Co.*, 18 FCC 2d 1051, 1052 (1969).

41. In other contexts, this Commission's authority to grant experimental authorizations to obtain information on technical and marketing data has been recognized. Indeed, our power in this area is capacious, so long as this Commission does not exceed statutory authority. *See NAB v. FCC*, 740 F.2d 1190 (1984). In these cases, the crucial issue before this Commission is whether the new service will create a net benefit to the communications system and whether the immediate or future interaction with existing and anticipated systems will be beneficial or detrimental. *Network Project v. FCC*, 511 F.2d 786, 793 (D.C. Cir. 1975). The initial question for this Commission is whether the public interest requires more or different service. *Id.*

42. For example, in adopting our open skies policies for the domestic satellite service, we stated that one objective was to maximize the opportunities for the early acquisition of technical, operational and marketing data and experience in the use of the technology. *Establishment of Domestic Communication-Satellite Facilities by Non-Governmental Entities*, Docket No. 16495, 35 FCC 2d 844, 846-847 (1972). The D.C. Circuit sustained this approach even though this Commission could not ascertain with assurance the precise scope of the proposals or the exact contours of the benefits until the systems were in operation. *Network Project v. FCC*, 511 F.2d at 794, 796. This Commission also employed experimental authorizations in the development of a subscription television service. *See Connecticut Committee Against Pay TV v. Federal Communications Commission*, 301 F.2d 835 (1962).

43. The above discussion demonstrates that we have often relied on initial experimental authorizations to develop a test bed of information about the provision of new video services. Experiments have been authorized not only to acquire technical information, but economic and marketing information as well. Because we have imposed reporting requirements, the information gleaned from this experiment will be available to this Commission and the public.

44. *Coaxial system.* General proposes to offer a service it calls "near" video-on-demand on its coaxial cable. The service will enable customers to choose a program at intervals of 15-30 minutes using up to 30 channels.[41] General plans to offer the service with the assistance of certain new technological features currently being developed, including a specially developed computerized control system for its video cassette recorders, and customized headend encoding and subscriber decoding equipment.[42] In addition to new technological features, General's near video-on-demand service may be viewed as a novel approach to video programming distribution and packaging. The cable industry is currently exploring pay-per-view television; the number of homes subscribing to pay-per-view has increased from 4 million to 6.8 million in the last year.[43] However, in the vast majority of pay-per-view homes, cable systems offer only one or two pay-per-view channels. This Commission is aware of only one previous trial of a multi-channel pay-per-view system, a trial conducted some years ago in Rochester, New York. Since then, the cable industry has matured, cable penetration has increased and public expectations and acceptance of advanced cable technologies have changed. This Commission has a statutory interest in the provision of new technologies and services to the public, and the proposed technological and marketing test of near video-on-demand holds promise for providing new services to the public. The video cassette rental industry is thriving,[44] and near video-on-demand promises some of the benefits of video rental without the inconvenience of making a trip to the video rental store. Thus, as a multi-channel pay-per-view offering, this near video-on-demand trial could provide an opportunity to determine the extent to which consumers are interested in pay-per-view with a greater variety of programming, and/or the extent to which they value greater time diversity.[45] Thus, we believe that significant public interest benefits will flow from giving consumers in Cerritos the opportunity to assess the value of near video-on-demand service. Further, as discussed below, the coaxial system will also be used in conjunction with the fiber optic system to compare technical and marketing results.

45. *Fiber system.* General describes the planned activities to be conducted over the fiber optic facilities as tests and technical evaluations of new technologies for, among other things, video programming. For the "initial" phase of the operation, General states that fiber facilities will be installed to pass 948 subscriber homes and it anticipates serving no more than 700 of those.[46] (General points out that the "buy rate" for cable television service is less than 100 percent.) Because the activities to be undertaken have been described as tests, trials and evaluations, and because we are implementing regulatory safeguards to ensure that General's ratepayers do not bear any risks associated with the tests and experiments, we see no need to place an arbitrary limitation on the test area.

46. Pure video-on-demand service, with access to the full bandwidth of the optical fiber facility, can offer point-to-point distribution and telemetric control of programming to particular customers, a far greater service capacity than near video-on-demand service. As noted in its Section 214 application, General will test an assortment of network topologies, including star, distributed star and distributed star/ring designs on the fiber pairs. It will also individually and comparatively evaluate broadband and narrowband services, broadband technologies, network architectures and operations, administration and maintenance concepts and specially designed equipment. General's fiber offering permits the type of broadband, integrated offering which this Commission has previously found might give rise to public benefits warranting a waiver for good cause. *See Sugarland Telephone, supra.* The fiber optic cable heralds a significant advance in technology for the delivery of telecommunications services to customers. In addition, the attendant marketing tests will measure customer receptiveness to these new technologies and services, providing data useful in planning future state-of-the-art systems.

47. The experience to be gained from the proposed tests and evaluations could lead to reduced costs in providing multiple services to homes and could make available new services to consumers through the development of new technologies. In addition to video-on-demand, the tests will comparatively evaluate different kinds of fiber optic cable, different transmission technologies and a variety of different services requiring "a single, integrated 'network based video serving system with a computerized control system' (Fiber Application, 9) . . . ." General Opposition and Response at 6.

48. *Comparative tests.* While pure video-on-demand appears to offer a far more capable service than near video-on-demand, it is not clear which service will find greater acceptance and whether the additional features potentially available through the fiber optic system are cost effective or needed. This question is at the heart of the comparative tests proposed by General.[47] The coaxial and fiber optic cables in Cerritos will be used by General in part to conduct comparative tests of the transmission of video, data and voice signals on copper and fiber optic media. Quite apart from the tests of near video-on-demand and pure video-on-demand on the coaxial and fiber systems, respectively, however, General will be in the position of being able to conduct tests on two major facilities on a virtually simultaneous basis in the same community. For comparative testing to be effective, we conclude it is necessary to give GTE a greater degree of influence over the cable system, than our non-affiliation rule now provides. Coordination is necessary if GTE it to be in a position to control or modify various elements of the experiment over time. Application of our non-affiliation rules would inhibit flexibility in the testing process. We believe this kind of multi-facility testbed environment offers a special opportunity to develop multivariable assessments in a way generally not possible.

49. Although a number of local exchange carriers are experimenting with fiber optic technology, none to date encompasses the broad range of technical and marketing experiments embodied in General's Cerritos project. Most fiber-to-the-home trials are limited to testing fiber optic technology either for "plain old telephone service " (POTS) or for cable television transport, but not both.[48] Several trials will integrate POTS, data and video transport,[49] but none includes the kind of comprehensive marketing and technical testing proposed in Cerritos. Taken in its totality, the Cerritos project, with its multiple experiments and comparative tests, is unique. We continue to believe it is in the public interest to foster the creation of systems that permit examination of technologies that hold the promise of offering integrated telecommunications services. To foreclose re-examination or implementation of such systems would deprive the public of benefits that can come from timely introduction of new tele-

communications services and products. General has chosen to undertake the expense and risk -- without ratepayer underwriting -- of installing two levels of technology, using custom designed and built equipment, implementing variants of advanced high capacity integrated voice/data/video services and evaluating the technical and market results.

50. *Conclusion.* We conclude that the totality of the circumstances constitutes sufficient grounds for a good cause waiver of the cable/telephone cross-ownership prohibition, provided that we minimize the potential detriments of such a waiver through imposition of the conditions listed below. The grant of a waiver for good cause permits us to grant the Section 214 coaxial cable and fiber optic cable applications for General's Cerritos project.[50] In this case we find the testing and trials proposed by General and GTE on two facility media are likely to provide us with useful empirical data on a variety of matters. We believe that this is the proper balance among the competing public policies in this particular instance and is one that will permit the public interest to be maximized.[51] Our grant of a waiver here should not be read as suggesting that a different factual predicate would produce a similar result, however. As noted above, the circumstances surrounding General's Cerritos project, including the comparative testing program, are unique.

C. Conditions on Good Cause Waiver

51. Certain conditions are critical to our conclusion that the public interest warrants grant of a waiver of the cross-ownership rules for General's experimental system in Cerritos. These limitations on the scope of the waiver help ensure that our waiver is narrowly drawn, consistent with the statutory policy of the Cable Act. We accomplish this by conditioning the waiver in several ways: length of time, nature of activity, accounting requirements, and reporting requirements.[52]

52. *Length of time.* We limit our good cause waiver for General's Cerritos project to a five-year period.[53] In this case, we believe that a five-year waiver will permit General to conduct an adequate trial of all its proposed testing of new technologies and services.[54] At the end of that time, General's waiver will expire, but General would be free to seek another waiver if it needs to continue testing. The five year period also will permit the Commission to monitor General's activities, through imposition of the same annual reporting requirements imposed by the Bureau, discussed *infra.* We will carefully examine any evidence of anticompetitive activity on the part of General. We are prepared to terminate the waiver should we find that General has abused the authority we grant here.

53. *Video programming.* General has conceded that it is not necessary to the near video-on-demand test that it provide the video programming.[55] Therefore, in order to tailor a waiver no broader than necessary to achieve the public interest goals discussed above, we will require that General contract with another entity to provide video programming and to implement General's near video-on-demand and pure video-on-demand experiment on the coaxial and fiber facilities. We do not intend to prevent General from entering into a contract for video programming with Apollo, should General choose to do so.[56] In order to conduct its near video-on-demand experiment, we anticipate General will work closely with its programming contractor to define and oversee the experiment.[57]

54. *Accounting.* To assure that no component of costs associated with the subject project is assigned to any ratepayer, the Bureau included a condition in its grant stating that no costs for the construction or operation of any Cerritos cable system, including lease payments by GTE, may appear in any General/GTE rate base or as an operating expense, absent prior authority from the Commission. The Bureau found, and we agree, that this accounting condition offers adequate assurance that the concerns expressed by CCTA concerning subsidies are assuaged.[58] In addition, to assure that any short-fall in recovery of General's investment will be borne by its stockholders, the Bureau instructed General to follow the accounting methodologies adopted in the *Joint Cost Order* for Tier 1 LECs, *i.e.*, Parts 32 and 64 of the Commission's rules, 47 C.F.R. Parts 32 and 64, and to treat all costs associated with the Cerritos project as unregulated activity costs. *Order* at paras. 39-40. Thus, we will require General and GTE to follow the accounting rules adopted in the *Joint Cost Order.* The accounting condition, which applies to both the coaxial and fiber optic cable systems, will reveal any cross-subsidization by General ratepayers. We will carefully monitor General's submissions in this regard and will be prepared to act swiftly to invoke any necessary regulatory remedies.

55. *Reporting.* As discussed above, the research and testing functions to be performed by the subject facilities will serve the public interest by providing interested parties, including the Commission, useful information regarding the application of alternative technologies and services. The product of that research and test evaluation will be available to the public through the reports required as a condition of this order. Certain aspects of the information submitted in General's reports may qualify for confidential treatment. Under our rules, General bears the burden of identifying any such information and justifying its confidential treatment. *See* 47 C.F.R. § 0.459.

D. Other Matters

56. We do not here grant CCTA's request for tariffed access to local telephone dial tone through GTE's fiber test bed in order to conduct integrated system tests. The totality of circumstances surrounding General's Cerritos project justifies a five-year limited good cause experimental waiver and third-party access is not a prerequisite for that finding. Moreover, CCTA has provided no specific information by which we may determine what entities are interested in such access, what the demand for service would be or what kind(s) of service(s) would be sought. We note that CCTA itself would not appear to be a legitimate customer for such service. Finally, it appears that the matter may be one for local authorities.[59]

57. CCTA's concern regarding the lease arrangement between General and GTE is unfounded. The terms of the lease agreement require GTE to repay General all of the costs associated with the construction of the fiber network facilities if the lease runs its course. Should the project end before the five year contract period expires, GTE must pay General an amount equal to the discounted value of all remaining lease payments. The section of the agreement CCTA finds flawed merely permits the parties to alter the payment formula or payment increments. We do not view this level of flexibility in recovery scheduling to constitute a sham, as CCTA asserts, particularly because the language is intended to do no more than assure full recovery of costs incurred. It does not permit GTE to

escape its obligation to fully compensate General. Thus, there is no basis for altering the existing arrangement. *Cf. The Chesapeake and Potomac Telephone Company*, 57 RR 2d 1003 (1985), at para. 17; *recon.*, FCC 85-279, released May 30, 1985.

V. CONCLUSION

58. Having reviewed the record of the above-referenced proceeding and having considered all pertinent arguments offered by the parties in their applications for review and subsequent pleadings, we find that the totality of circumstances surrounding General's Cerritos project, including the public interest benefits of its coaxial cable, its fiber optic facility and its comparative technical and marketing testing program, constitutes good cause to waive the telephone company/cable cross-ownership rules subject to certain conditions set forth herein to minimize potential detriments. We note that this limited waiver is based on essentially unique factual circumstances. Any future waiver request by General or any other petitioner would be independently measured against the legal and policy standards applied in this case.

VI. ORDERING CLAUSES

59. Accordingly, IT IS ORDERED, That the applications for review of the Common Carrier Bureau's decision in File No. W-P-C-5927 are GRANTED to the extent set forth herein and otherwise DENIED.

60. IT IS FURTHER ORDERED, That the waiver granted in the Common Carrier Bureau's *Order* under review in this proceeding IS VACATED.

61. IT IS FURTHER ORDERED, That the applications of GTE California Incorporated for authorization under Section 214 of the Communications Act of 1934, as amended, to construct, operate and maintain coaxial and fiber optic cable facilities in Cerritos, California, ARE GRANTED, and that Sections 63.54 and 63.55 of our rules ARE HEREBY WAIVED, for good cause shown, subject to the following conditions:

a. Costs associated with the Cerritos fiber optic cable system and coaxial cable system shall be allocated in conformance with Section 64.901 of the Commission's rules, 47 C.F.R. § 64.901.

b. General shall submit to the Chief, Domestic Services Branch, Common Carrier Bureau on September 30, 1989, and on that date of each year thereafter for the previous calendar year, a comprehensive written report discussing the following matters, in the order designated:

(1) Construction progress of both the coaxial and fiber optic systems;

(2) Total number of hours of operation of the Cerritos fiber system and the amount of bandwidth employed;

(3) A discussion of all uses made, including tests conducted, the purposes of the tests, the type, the conclusions reached, and copies of any non-proprietary reports or documents that General produces or causes to be produced.

c. General is limited to providing service on the coaxial and the fiber optic facilities to the City of Cerritos as indicated in General's applications in File Nos. W-P-C- 5927 and 6250, respectively.

d. General is required to contract with another entity to provide video programming.

e. The waiver granted herein shall expire five years from the date this authorization is released.

FEDERAL COMMUNICATIONS COMMISSION

Donna R. Searcy
Secretary

FOOTNOTES

[1] In re the Application of General Telephone Company of California For authority pursuant to Section 214 of the Communications Act of 1934 and Sections 63.01 and 63.57 of the Commission's rules and regulations, to construct and maintain broadband transport facilities in Cerritos, California, File No. W-P-C-5927, 3 FCC Rcd 2317 (1988).

[2] General has changed its name to GTE California, Incorporated. For purposes of clarity and consistency in this proceeding, we will continue to refer to the company as General.

[3] *See Order* at n. 25.

[4] To better develop the record, the Bureau issued an order which sought comment on the appropriateness of a waiver. General Telephone Co. of California, File No. W-P-C 5927, *Order*, 2 FCC Rcd 7112 (1987) [released November 20, 1987] (*November Order*).

[5] Separation of costs of regulated telephone service from costs of non-regulated activities; Amendment of Part 31, the Uniform System of Accounts for Class A and Class B Telephone Companies to provide for non-regulated activities and to provide for transactions between telephone companies and their affiliates, CC Docket No. 86-111, Report and Order, 2 FCC Rcd 1298, *recon.* 2 FCC Rcd 6283 (1987), *further recon.*, FCC 88-355 (released November 16, 1988), *petition for review pending*, Southwestern Bell Telephone Co. v. FCC, D.C. Cir. No. 87-1764 (Filed December 14, 1987); NTCA v. FCC, D.C. Cir. No. 87-1771 (Filed December 15, 1987).

[6] In re the Application of General Telephone Company of California For authority pursuant to Section 214 of the Communications Act of 1934 and Sections 63.01 and 63.57 of the Commission's rules and regulations to construct and maintain broadband transport facilities in Cerritos, California, File No. W-P-C-5927, 4 FCC Rcd 1340 (1988).

[7] As described below, General proposes to conduct a number of technology tests and service experiments in connection with this initial fiber installation. For instance, in one test, loose buffer tube cabling will be deployed in a star topology, with the initial feeder and distribution installation passing an area of some 265 homes to deliver analog CATV, digital voice/data, and high capacity integrated voice/data/video services; ribbon cable will be deployed in a switched star topology to pass some 683 homes to test "pure" telephony. *See* General Fiber Application at 5, and Exhibit 1 at 12.

[8] General notes that the order granting authority for it to participate in the construction and operation of the Cerritos coaxial cable system was based on waiver of Section 63.54 and

63.55 of the Commission's rules, which generally preclude, *inter alia*, affiliations between a telephone company and a cable system operator within the telephone service area. It asks that, to the extent waiver is required for approval of this application, it be granted, and it incorporates by reference its comments in Section 214 application proceeding, File No. W-P-C-5927.

[9] *See Order*, n. 25.

[10] GTE adds that since Congress chose to reference the pre-existing Section 63.56, inclusion of *sua sponte* language in Section 613(b)(4) would have been redundant. *Id.*

[11] CCTA cites Applications of Telephone Companies for Section 214 Certificates for Channel Facilities Furnished to Affiliated Community Antenna Television Systems, Docket No. 18509, Final Report and Order, 21 FCC 2d 307, 325 (1970), and Sugar Land Telephone Company, 76 FCC 2d 230, 231 (1980).

[12] CCTA refers to a letter from its president to William J. Tricarico, Secretary, FCC, November 23, 1987, at 9 [sic 8], which contends that, contrary to T.L. Robak's affidavit testifying that neither Robak nor Apollo has any other business dealings with General, T.L. Robak had agreed to perform construction work for GTE in Santa Fe Springs and San Fernando. *See* Attachment to General's Opposition to Petitions, filed April 16, 1987, in the Bureau's proceeding. We cannot conclude from the record that the affidavit is inaccurate. *See* 47 C.F.R. §63.52(c) (petitions to deny Section 214 applications must contain specific allegations of fact, which, except for those of which official notice may be taken, must be supported by affidavit of a person or persons with personal knowledge thereof). In any event, the accounting procedures we have adopted will be adequate to detect and deter cross-subsidy.

[13] The Commission has stated that it would consider the offering of "pay cable" to be video programming for purposes of the cross-ownership prohibition. Amendment of Parts 1, 63 and 76 of the Commission's rules, FCC 85-179, 50 Fed. Reg. 18,637 (May 2, 1985) at n. 33.

[14] CCTA cites GTE Fiber Optics/Video Services Services Test Bed, Overview of Fiber Tests Planned for Initial Stages of Test Bed in Cerritos, CA (June 14, 1988), Attached as Exhibit 1 to Fiber Application; Coaxial Application, Letter from Richard M. Cahill to Chief, Domestic Facilities Division (July 17, 1987), p. 4; Coaxial Application, Comments of General Telephone Company of California (Dec. 10, 1987), p. 10. *See* CCTA Fiber Comments at 3.

[15] General states at page 6, n. 5, of its pleading:

> Pure VOD would enable individually-addressed delivery of video material on command at peak viewing times to all customers. Near VOD would aim for more frequent viewing "broadcasts," perhaps at intervals of 15 or 30 minutes, thus offering greater time diversity than today's typical pay-per-view arrangements. *See* Attachment A.

[16] *See* para. 26, *infra*, and n. 7, *supra*.

[17] General asserts that it has already responded to NCTA's arguments in its opposition to NCTA's application for review.

[18] CCTA cites this Commission's syndicated exclusivity (Syndex) proceeding, Amendment of Parts 73 and 76 of the Commission's Rules Relating to Program Exclusivity in the Cable and Broadcast Industries, Gen. Docket No. 87-24, Report and Order, 3 FCC Rcd 5299, 5307 (1988). In Syndex, the Commission weighed the purported benefit of time diversity against the potential harm of failing to allow efficient operation of the marketplace by preventing broadcasters from acquiring exclusivity for their program product. The Commission did not hold that time diversity was not an important public interest concern *per se*, but rather, that it was outweighed by other public interest concerns in that context.

[19] Section 613(b)(4) states, in pertinent part, that:

> [T]he Commission may, on petition for waiver, waive the applicability of paragraphs (1) and (2) of this subsection. Any such waiver shall be made in accordance with section 63.56 of title 47, Code of Federal Regulations (as in effect September 20, 1984) and shall be granted by the Commission upon a finding that the issuance of such waiver is justified by the particular circumstances demonstrated by the petitioner, taking into account the policy of this subsection.

[20] *See* Sutherland Stat Const §§ 46.01 and 46.03 (4th Ed).

[21] *See* 47 C.F.R. § 1.3, which provides that any provision of the rules may be waived by the Commission on its own motion or on petition if good cause therefor is shown.

[22] *See generally* H. Rep. No. 934, 98th Cong., 2d Sess. 56-67 (1984).

[23] General's Section 214 application for the fiber facilities requested a waiver, if necessary.

[24] General could have been ordered to submit a separate pleading captioned "Petition for Waiver" but this would have served no purpose because the parties had already been asked to address the waiver issue. Such a further interlocutory proceeding would have offered no more than a forum for reiteration of the arguments offered in the *November Order* proceeding, or procedural matters associated with the form of the submitted petition.

[25] H. Rep. No. 934, 98th Cong., 2d. Sess. 56-57 (1984).

[26] Applications of Telephone Companies for Section 214 Certificates for Channel Facilities Furnished to Affiliated Community Antenna Television Systems, *Final Report and Order*, 21 FCC 2d 307, 324, *recon.* 22 FCC 2d 746 (1970), *aff'd sub nom.* General Telephone Company of S.W. v. United States, 449 F.2d 846 (5th Cir. 1971).

[27] 21 FCC 2d at 325.

[28] *Id.* at 326; 22 FCC 2d at 750.

[29] Revision of the Processing Policies for Waivers of the Telephone Company-Cable Television Cross-Ownership Rules, CC Docket No. 78-219, 69 FCC 2d 1097, 1111 (1978).

[30] For example, in the context of our *Computer III* Comparably Efficient Interconnection (CEI) requirements, the Bureau has recognized the propriety of CEI waivers for limited trials, and found that these waivers are especially appropriate for new and largely untested services. BOC Notices of Compliance with CEI Waiver Requirements for Market Trials of Enhanced Services, CC Docket No. 88-616, DA 88-2058, released January 30, 1989, (Common Carrier Bureau) at para. 20.

[31] United Telegraph Workers, AFL-CIO v. FCC, 436 F.2d 920, 923-26 (D.C. Cir. 1970).

[32] *Id.* at 925-926.

[33] *Id.* at 922.

[34] CBS Inc. Petition for Special Relief, *Memorandum Opinion and Order*, 87 FCC 2d 587 (1981).

[35] *Id.* at 594.

[36] *Id.* at 588.

[37] We note in this regard that in CBS the test was limited to some 90,000 homes. In Cerritos, only 16,000 homes, less than one fifth the number, are included. The testbed in the subject case, therefore, is even more limited than in CBS.

[38] 87 FCC 2d at 594-96.

[39] *See* Section 613(b)(4) of the Cable Act.

[40] 87 FCC 2d at 593.

[41] GTE California Fiber 214 Opposition and Response at 6.

[42] Letter From James R. Hobson, GTE, to Donna R. Searcy, Secretary (April 19, 1989).

[43] Channels 1989 Field Guide at 102.

[44] *Id.* at 126.

[45] Other reasons also persuade us that CCTA's argument concerning Rochester does not preclude our attaching public interest benefit to General's near video-on-demand proposal in our examination of a good cause waiver. First, the demographic differences between Rochester and Cerritos may yield very different reactions to proposed pay-per-view service. Second, General's use of new developing technology may lead to different consumer reaction in Cerritos than apparently occurred in Rochester. Third, General will offer different programming, and General's programs may prove to be more popular with subscribers than the programs offered in Rochester. Finally, the logic of CCTA's argument would preclude trial of any new technology or service once it apparently has failed in a test conducted anytime, anywhere, by anyone. We cannot adopt such a restrictive interpretation of the good cause waiver provision and of our interest in the provision of new technologies and services to the public.

[46] *See also* para. 7 and note 7, *supra*.

[47] *See* General Letter of February 3, 1988, attachment containing copy of talk at Western Cable Show, at pp. 3-4:

> The project's goals, then, are to test, deploy and operate fiber, coax and twisted pair technologies in a "real world" physical environment. To develop a quality and operational support plan for both broadband transport and fiber technology. To utilize existing GTE measurement plans, as well as specially developed ones, to measure customers' reactions to new services and their use of various technologies. To identify how to profitably and effectively interface with network service providers (especially cable television companies) . . . so that GTE can offer network services that help those providers, such as cable television companies, to deliver their services better to their customers or subscribers . . . . To demonstrate our technological capability of delivering services not possible over twisted pair networks, such as GTE's interactive video services, called Main Street.

Further, at page 8:

> We will effectively have a competition between transport technologies - that is twisted pair, coax and fiber - to see which one, or combinations, are best at delivering which services. For example we will provide dial tone via twisted pair, coax and fiber. In that way we will know the true capabilities of coax to deliver that service.

[48] *See* Paul W. Shumate, Jr., "Optical Fibers Reach Into Homes," *IEEE Spectrum*, February 1989, at 43-47.

[49] *See, e.g.*, Application of The Bell Telephone Company of Pennsylvania, File No. W-P-C-6246, *Memorandum Opinion, Order and Certificate*, 4 FCC Rcd 351 (1988); and Application of Southern Bell Telephone Company, File No. W-P-C- 6166, *Memorandum Opinion, Order and Certificate*, released September 27, 1988.

[50] In the *Cable/Telco Further NOI*, we solicited comment on our identification of certain specific grounds for telephone company provision of cable television that would constitute good cause for waiver. 3 FCC Rcd 5849 (paras. 57-61). The focus of the waiver in the subject proceeding is on a different set of grounds -- the experimental purposes of the coaxial and fiber optic systems and the benefits that will come from technical and marketing tests. Our grant of a waiver for good cause to General is independent of, and in no way prejudges, a future decision in the *Cable/Telco* proceeding on the issue of what other grounds may justify good cause waivers.

[51] We do not believe that this limited good cause waiver is precluded by Petitioners' arguments that the Bureau's grant of a waiver of the cross-ownership rules would result in *de facto* monopolization of the assorted cables entering subscribers' homes, in violation of the intent of the Commission's rules and policies. In granting General a limited waiver, we are not violating the intent of the Cable Act. As stated above, in this waiver context, we must weigh in the particular circumstances before us the general policy prohibiting telephone company-cable television cross-ownership with the competing public policies, discussed in the text, in favor of trials of new technologies and services. We have done so, giving great deference to the policy against cross-ownership. By its terms, Petitioners' argument would preclude the possibility of waiver, contrary to the express language of the statute. In addition, Petitioners' monopolization argument assumes that no other entity will provide broadband transport facilities in Cerritos even though no statute prohibits provision of such competitive facilities.

[52] General has applied only to offer this service to the City of Cerritos and the waiver is limited to that offering.

[53] *See* United Telegraph Workers, 436 F.2d 920 (two-year trial); BOC Notices of Compliance (one-year trial).

[54] GTE has in the first instance limited its testing of the fiber optic facilities, both individually and comparatively, to five years. *See* General Fiber Application, Exhibit II (GTESC's lease of fiber network facilities from General runs for five years). Because that testing is essential to our determination to grant a good cause waiver for the Cerritos project as a whole, we limit our waiver to that period as well.

[55] General Reply at 4 (filed August 18, 1987).

[56] Under our rules, General requires a waiver to contract with any third party video programmer, including not only Apollo, but any programmer other than Apollo. Under Note 1 to Section 63.54 of our rules, 47 C.F.R. § 63.54, a prohibited affiliation arises if the telephone company and the programmer enter into any financial or business relationship other than the carrier-user relationship. The waiver we grant here permits General to select any third party video programmer without having to seek an additional waiver.

[57] For example, in seeking to learn about customer acceptance, demand and price elasticity, packaging techniques and other marketing factors, General may establish non-content-specific test parameters (such as, but not limited to, programming intervals, price levels, number of different offerings, program categories, and marketing techniques) and to evaluate test results.

[58] The accounting condition addressed, *inter alia*, the Bureau's expressed concern that facility lease payments from GTE to General could represent expenses which GTE in whole or part assigns to its affiliated basic exchange telephone companies, such as research and development costs.

[59] In addition, we note that the complaint process embodied in Title II of the Act provides a procedural vehicle for addressing alleged acts of unlawful discrimination by local telephone companies in their provision of interstate service.

Before the
Federal Communications Commission
Washington, D.C. 20554

PUBLIC NOTICE

Released: July 14, 1989

CHAIRMAN PATRICK NAMES NEW MEMBER TO ADVANCED TELEVISION SERVICE ADVISORY COMMITTEE

FCC Chairman Dennis R. Patrick has announced his appointment of a new member to the FCC Advisory Committee on Advanced Television Service. James T. Lynagh, President of Multimedia Broadcasting Company, has been named to replace Daniel E. Gold.

Mr. Lynagh's address and telephone number are:

James T. Lynagh
President
Multimedia Broadcasting Company
140 West 9th Street
Cincinnati, OH 45202
(513) 352-5000

The next meeting of the Advisory Committee will be held on July 19, 1989, at 2:00 p.m., in the Commission Meeting Room, Room 856 of 1919 M Street, N.W., Washington, D.C.

FEDERAL COMMUNICATIONS COMMISSION

Before the
Federal Communications Commission
Washington, D.C. 20554

CC Docket No. 87-313

In the Matter of

Policy and Rules Concerning
Rates for Dominant Carriers

ORDER

Adopted: July 17, 1989; Released: July 17, 1989

By the Deputy Chief, Common Carrier Bureau:

1. Several parties have filed motions requesting extensions of the current July 19, 1989, filing date for reply comments established in the Second Further Notice[1] in the above-captioned proceeding.[2] On July 12, 1989, International Communications Association, American Petroleum Institute, Consumer Federation of America, Independent Data Communications Manufacturers Association, Maryland People's Counsel, MCI Telecommunications Corporation, and Tele-Communications Association (Joint Parties) filed a joint motion requesting an extension of 44 days, to September 1, 1989. In addition, the National Association of Regulatory Utility Commissioners (NARUC) filed a motion requesting an extension of 30 days, to August 18, 1989. On July 14, 1989, the United States Telephone Association (USTA) filed an opposition to the motions of the Joint Parties and NARUC. For the reasons stated below, we grant in part the motions and extend the due date for reply comments to August 3, 1989.

2. The Joint Parties state that the current schedule, which provides for a 30-day period between the date initial comments and reply comments are filed, is inadequate in light of the sheer volume of those initial comments and the complexity and importance of the issues involved. The Joint Parties further state that comments in a second proceeding before the Commission, concerning Part 69 of the Commission's Rules, 47 C.F.R. Part 69, are due on August 10, 1989, with reply comments due on September 11, 1989,[3] and that comments in a third proceeding before the Commission, concerning Open Network Architecture, are due on July 12, 1989, with reply comments due on August 11, 1989.[4] The Joint Parties claim that this situation poses a major resource allocation problem for them, especially for those with small staffs and limited funds for outside counsel and consultants.

3. NARUC makes similar claims regarding the size of the present record and the limitations of its resources. In addition, NARUC states that, due to the size and diversity of its membership, the only practical way it can establish a unified position regarding the issues in this proceeding is to resolve them at its forthcoming annual meeting, to be held from July 23 to July 27, 1989.

4. USTA replies that an extension is unnecessary because the overall price cap proceeding has been pending for almost two years and there are no unanticipated issues in the present reply round. Moreover, it suggests that NARUC could introduce the results of its July meeting into the record by subsequently filing Executive Committee resolutions as written *ex parte* statements. Next, USTA notes that, in the comment phase of this pleading cycle, the Commission already rejected similar requests for extensions based on scheduling conflicts with other pending proceedings and that the Commission alleviated such problems by extending the initial and reply filing dates in one of those other proceedings.[5]

5. It is the policy of the Commission that extensions of time shall not be routinely granted.[6] In light of the large volume of comments filed in this proceeding, however, we believe that an extension of time for filing reply comments is warranted. In response to previous requests for similar extensions of the date for filing reply comments in this proceeding, we have granted extensions of approximately two weeks.[7] We conclude that, in the present case, an extension of 15 days, to August 3, 1989, is reasonable under the circumstances.

6. Accordingly, IT IS HEREBY ORDERED, pursuant to Sections 4(j) and 5(c) of the Communications Act of 1934, 47 U.S.C. §§ 154(j), 155(c), and the authority delegated thereunder pursuant to Sections 0.91 and 0.291 of the Commission's Rules, 47 C.F.R. §§ 0.91, 0.291, that the joint motion of International Communications Association, American Petroleum Institute, Consumer Federation of America, Independent Data Communications Manufacturers Association, Maryland People's Counsel, MCI Telecommunications Corporation, and Tele-Communications Association, described in paragraph 1 above, and the motion of the National Association of Regulatory Utility Commissioners, also described in paragraph 1 above, ARE GRANTED IN PART to the extent indicated herein, and otherwise ARE DENIED. Reply comments in this proceeding are due on or before August 3, 1989.

FEDERAL COMMUNICATIONS COMMISSION

Gerald P. Vaughan
Deputy Chief (Operations)

FOOTNOTES

[1] Policy and Rules Concerning Rates for Dominant Carriers, CC Docket No. 87-313, Report and Order and Second Further Notice of Proposed Rule Making, 4 FCC Rcd 2873, 3313 (1989).

[2] On June 15, 1989, we denied similar requests for extension of the filing dates of the intitial comments and reply comments in this pleading cycle. *See* Policy and Rules Concerning Rates for Dominant Carriers, CC Docket No. 87-313, Order, DA 89-677, released June 15, 1989 (Com.Car.Bur.).

[3] Amendments of Part 69 of the Commission's Rules Relating to the Creation of Access Charge Subelements for Open Network Architecture, Notice of Proposed Rule Making, CC Docket No. 89-79, 4 FCC Rcd 3983 (1989), Order, DA 89-667, released June 15, 1989 (Com.Car.Bur.) (extending filing deadlines).

[4] Filing and Review of Open Network Architecture Plans, CC Docket No. 88-2, Phase I, Memorandum Opinion and Order, 4 FCC Rcd 1 (1988).

[5] *See* note 2, *supra*.

[6] *See* Section 1.46(a) of the Commission's Rules, 47 C.F.R. § 1.46(a).

[7] Policy and Rules Concerning Rates for Dominant Carriers, Order, 2 FCC Rcd 6958 (Com.Car.Bur. 1987), and Policy and Rules Concerning Rates for Dominant Carriers, Order, 3 FCC Rcd 5297 (1988).

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

AT&T COMMUNICATIONS Revisions to Tariff F.C.C. Nos. 1, 9, and 11

Transmittal No. 1681

ORDER

Adopted: July 17, 1989; **Released: July 18, 1989**

By the Deputy Chief, Common Carrier Bureau:

1. On July 5, 1989, AT&T Communications (AT&T) filed Transmittal No. 1681, proposing to introduce a promotion in certain Numbering Plan Areas (NPAs) for customers who order AT&T's Megacom Service Term Plan for 18-month or 36-month periods. Transmittal 1681 is scheduled to become effective July 19, 1989.[1]

2. AT&T states that under its proposed promotion it will provide a credit of $3000 off the AT&T Megacom usage charges and waive the nonrecurring service establishment charges. AT&T also states that it will waive installation charges and one month of recurring charges for T1.5 local channel service and for the access coordination function, and nonrecurring charges and one month of recurring charges for the central office connections. AT&T proposes to offer this promotion through August 19, 1989; service must be installed no later than October 19, 1989.

3. On July 12, 1989, US Sprint Communications Company Limited Partnership (US Sprint) filed a petition to reject, or alternatively, to suspend and investigate AT&T's proposed tariff revisions.[2] US Sprint argues that AT&T is limiting eligibility for this promotion to customers located only in certain NPAs, in violation of the Commission's policy against geographical rate deaveraging. According to US Sprint, AT&T also fails to show that its filing complies with the newly adopted price cap rules. Moreover, claims US Sprint, it is possible that the proposed promotional offering will be noncompensatory and is available only because other customers and other services are being assessed unreasonably high rates. US Sprint suggests that the proposed geographic limits raise the possibility of discrimination in the form of lower rates for a preselected group of customers. US Sprint further contends that the Commission should reconsider the grant of the waiver of Section 61.49 and rescind the grant of the waiver of Section 61.58 of the Commission's Rules.

4. In its reply,[3] AT&T states that US Sprint's claim that the instant filing fails to comply with the Commission's price cap rules amounts to nothing more than an improper collateral attack on the Commission 's grant of special permission which enabled AT&T to file these revisions on short notice. AT&T also states that US Sprint is incorrect in its claim that because the proposed promotion is limited to nine NPAs, the proposed offering constitutes discriminatory geographic rate deaveraging. Finally, AT&T contends that US Sprint's claim that the proposed promotion may be noncompensatory is contradicted by AT&T's showing in Transmittal No. 1552 that the promotions will be profitable. AT&T asserts that in Transmittal 1552 it submitted economic data which fully satisfied the filing requirements established by the Commission and demonstrated that the proposed promotions will fully cover their costs.

5. The Common Carrier Bureau has reviewed the tariff transmittal and the pleadings. We conclude that no compelling argument has been presented that the proposed tariff is patently unlawful so as to require rejection, and that no question has been presented that warrants investigation at this time.

6. Accordingly, IT IS ORDERED that the petition to reject, or alternatively, suspend and investigate the captioned transmittal filed by US Sprint Communications Company Limited Partnership IS DENIED.

FEDERAL COMMUNICATIONS COMMISSION

Carl D. Lawson
Deputy Chief (Policy)

FOOTNOTES

[1] On July 5, 1989, the Chief, Tariff Division, Common Carrier Bureau, pursuant to Special Permission No. 89-476, waived Sections 61.49, 61.58, and 61.59 of the Commission's Rules, 47 C.F.R. §§ 61.49, 61.58, 61.59, and granted AT&T special permission to file the proposed revisions on not less than 14 days' notice.

[2] US Sprint Communications Company Limited Partnership, Petition To Reject! or Alternatively Suspend and Investigate (Petition), filed July 12, 1989.

[3] American Telephone and Telegraph Company, Reply, Transmittal No. 1681, filed July 14, 1989 (Reply).

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 86-331

In the Matter of:

Amendment of Section 73.202(b)	RM-5471
Table of Allotments	RM-5614
FM Broadcast Stations	
(Corinth, Hadley and Queensbury, New York)	

MEMORANDUM OPINION AND ORDER

Adopted: July 7, 1989; Released: July 25, 1989

By the Chief, Policy and Rules Division:

1. The Commission has before it for consideration a petition for reconsideration filed by Jedco Broadcasting Corporation directed against the *Report and Order* in this proceeding, 2 FCC Rcd 3316 (1987), which allotted Channel 289B1 to Queensbury, New York, and denied a competing proposal to substitute Channel 289B1 for Channel 228A at Corinth, New York. Bradmark Broadcasting Company filed an opposition to the petition for reconsideration. Jedco Broadcasting Corporation filed a reply, a supplement to reply, and a request for official notice. For the reasons discussed below, we will dismiss the petition for reconsideration.

BACKGROUND

2. At the request of Jedco Broadcasting Corporation ("Jedco"), licensee of Station WSCG-FM,Channel 228A, Corinth, New York, the *Notice of Proposed Rule Making* in this proceeding, 51 Fed. Reg. 29576, published August 19, 1986, proposed the substitution of Channel 289B1 in lieu of Channel 228A at Corinth. The *Notice* also proposed the modification of the Station WSCG-FM license to specify operation on Channel 289B1. Bradmark Broadcasting Company ("Bradmark") filed a counterproposal proposing the allotment of Channel 289B1 to Queensbury as a first local service. In accordance with the criteria set forth in *Revision of FM Assignment Policies and Procedures*, 90 FCC 2nd 88 (1982), it was determined that a Channel 289B1 allotment to Queensbury as a first local service would prevail over the proposed upgrade at Station WSCG-FM in Corinth. The Queensbury allotment required a site restriction of 19.5 kilometers (12.1 miles) south to avoid a short-spacing to Station CFGL-FM, Channel 289C1, Laval, Quebec, Canada.

3. In support of its petition for reconsideration, Jedco states that the 19.5-kilometer site restriction precludes the required 70 dBu principal city service to Queensbury in contravention of Section 73.315(a) of the Commission's Rules. In this connection, Jedco has included an engineering exhibit indicating that only 75% of Queensbury receives a 70 dBu service.[1] Accordingly, Jedco concludes that the allotment is defective and should be deleted.

4. On April 20, 1989, we received concurrence from the Canadian government with respect to a specially negotiated short-spaced Channel 289B1 allotment at Queensbury. As a result, the reference coordinates for this Queensbury allotment are now the same as the city reference coordinates without the need for a site restriction.[2] The six applicants for this allotment will be permitted to amend their applications without loss of cut-off protection to specify a site that would enable these proposals to comply with the 70 dBu principal city coverage requirement. In view of the action eliminating the need for a site restriction and permitting the applicants to amend their applications, the arguments advanced by Jedco in its petition for reconsideration are no longer valid. Therefore, the petition for reconsideration will be dismissed.

5. Accordingly, pursuant to Section 0.281 of the Commission's Rules, the aforementioned petition for reconsideration IS HEREBY DISMISSED.

6. For further information concerning this matter, contact Robert Hayne, Mass Media Bureau, (202) 634-6530.

FEDERAL COMMUNICATIONS COMMISSION

Bradley P. Holmes
Chief, Policy and Rules Division
Mass Media Bureau

FOOTNOTES

[1] In its Request for Official Notice, Jedco refers to the six pending applications for the Queensbury allotment. All of these applicants have requested waiver of Section 73.315(a) based on 70 dBu coverages of Queensbury ranging from 66 to 95%.

[2] The reference coordinates are now 43-22-38 and 73-36-49.

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

AT&T COMMUNICATIONS Revisions to Tariff F.C.C. No. 2 — Transmittal No. 1679

ORDER

Adopted: July 17, 1989; Released: July 18, 1989

By the Deputy Chief, Common Carrier Bureau:

1. On July 5, 1989, AT&T Communications (AT&T) filed Transmittal No. 1679 to introduce a nationwide promotion for customers who order AT&T 800 ReadyLine or AT&T Megacom 800 Service. Transmittal 1679 is scheduled to become effective July 19, 1989.[1]

2. AT&T states that under its proposed tariff it will waive the installation charge for customers who order Basic or Customer-Selected Service Areas or Customer-Selected Numbering Plan Areas (NPAs). Customers must request installation of AT&T Megacom 800 service no later than December 19, 1989, subscribe to the service for a minimum of six months, and maintain an average monthly usage level of at least $2,500 per routing arrangement for the six-month period.

3. The AT&T 800 ReadyLine promotion waives the service establishment installation charge and the service ordering charge for customers who order their 800 ReadyLine Customer-Selected Service Areas or Customer-Selected NPAs; waives the service ordering charge and the network arrangement charge for customers who order 800 ReadyLine one number calling optional feature; and applies a credit to the customer's bill in the amount of exchange carrier tariffed installation and other nonrecurring charges paid by the customer to obtain switched access facilities from the local exchange carrier to use with AT&T 800 ReadyLine. AT&T states that the credit will be limited to a maximum of $150 per line, and that the service must be installed no later than November 27, 1989, with the customer subscribing to the service for a minimum of six months. AT&T proposes that, if a customer requests more than 15 access lines to a single AT&T 800 ReadyLine routing arrangement, the customer must maintain an average monthly usage level of at least $50 for each access line for the six-month period for the number of access lines in excess of 15.

4. On July 12, 1989, US Sprint Communications Company Limited Partnership (US Sprint) filed a petition to reject, or alternatively, to suspend and investigate AT&T's proposed tariff revisions.[2] US Sprint argues that AT&T's tariff filing fails to comply with the Commission's recently enacted price cap rules governing supporting information requirements and tariff notice rules. According to US Sprint, AT&T's reluctance to file publicly the information prescribed by the Commission's Rules seems to imply that these promotions may be financed by ratepayers who derive no benefit from such proposals.

5. In its reply,[3] AT&T states that US Sprint's petition is nothing more than an improper collateral attack on the Bureau's grant of special permission. AT&T insists that US Sprint's objections to AT&T's net revenue analysis are incorrect, and fail to meet the stringent legal standards required to suspend or reject a tariff.

6. The Common Carrier Bureau has reviewed the tariff transmittal and the pleadings. We conclude that no compelling argument has been presented that the proposed tariff is patently unlawful so as to require rejection, and that no question has been presented that warrants investigation at this time.

7. Accordingly, IT IS ORDERED that the petition to reject, or alternatively, to suspend and investigate the captioned transmittal filed by US Sprint Communications Company Limited Partnership IS DENIED.

FEDERAL COMMUNICATIONS COMMISSION

Carl D. Lawson
Deputy Chief (Policy)

FOOTNOTES

[1] On July 12, 1989, the Chief, Tariff Division, Common Carrier Bureau, pursuant to Special Permission No. 89-467, waived Sections 61.49, 61.58, and 61.59 of the Commission's Rules, 47 C.F.R. §§ 61.49, 61.58, 61.59, and granted AT&T special permission to filed the proposed revisions on not less than 14 days' notice.

[2] US Sprint Communications Company Limited Partnership, Petition to Reject or Alternatively Suspend and Investigate (Petition), filed July 12, 1989.

[3] American Telephone and Telegraph Company, Reply, Transmittal No. 1679, filed July 14, 1989 (Reply).

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 87-543

In the Matter of

Amendment of Section 73.202(b), RM-5817
Table of Allotments,
FM Broadcast Stations.
(Arizona City, Arizona)

MEMORANDUM OPINION AND ORDER
(Proceeding Terminated)

Adopted: July 5, 1989; Released: July 25, 1989

By the Chief, Policy and Rules Division:

1. The Commission has before it a Petition for Reconsideration ("Petition") of the *Report and Order* ("*Order* ") in this proceeding, 3 FCC Rcd 6845 (1988), filed by the Alpha Group ("Alpha"), licensee of Station KXMK(FM), Arizona City, Arizona. The *Order* denied Alpha's request to substitute Channel 293C2 (106.5 MHz) for existing Channel 292A (106.3 MHz) at its station KXMK, or, in the alternative, to substitute Channel 293A for Channel 292A. No opposition to the Petition was filed. However, Arizona Lotus Corp. ("Lotus"), licensee of Station KLPX(FM), Tucson, Arizona, filed a Motion to Strike. Alpha filed an opposition to that motion, and Lotus filed a reply.[1]

2. The *Order* declined to grant Alpha's requested upgrade to Channel 293C2. In the *Notice of Proposed Rule Making* (" *Notice* "), 2 FCC Rcd 7385 (1987), we had determined that it would not be possible, using this proposed upgraded channel, to provide city grade service to Arizona City from any site that complied with the Commission's minimum interstation separation distances, and with current separation requirements under the U.S.-Mexican FM Broadcasting Agreement. In doing so, we treated the proposed Class C2 allotment as a Class B allotment for purposes of coordination with Mexico because Mexico does not recognize Class C2, and the power and antenna height maxima for Class C2 are identical to that of Class B. The *Order* also rejected Alpha's alternative request, which was the sole proposal in the *Notice*, to substitute Channel 293A for Channel 292A at Arizona City, and to modify its license accordingly. We cited several reasons for denying this request. First, we found Alpha's stated reason that it intended ultimately to upgrade its station to Class C2 to be inadequate to support the substitution of Channel 293A for Channel 292A, because it in no way facilitated any future request for such upgrade. Second, Alpha provided no evidence that supported its claim of co-channel interference from full service stations. The *Order* also noted that Alpha did not state its present intention to implement the requested substitution, as the *Notice* required.

3. Alpha's request for reconsideration regarding its requested upgrade rests on its assertion that "apparently, the Staff believed" that Alpha proposed to operate at its present site rather than at the coordinates 32-58-31 and 111-25-34. It cites this belief as the "basis" for its reconsideration request, while admitting that the substitution of Channel 293C2 for Channel 292A would not meet the interstation distance separation requirements applicable in the border region. Alpha also takes issue with the absence of a public interest justification for our purported failure to negotiate with Mexico an exception to those separation requirements, contending that such negotiations are within the authority of the Commission.

4. As to Alpha's request for substitution of Channel 293A for 292A, Alpha insists that relief must be granted to alleviate "real world interference" between its Station KXMK and co-channel Station KONC(FM) at Sun City, Arizona. Alpha contends that listeners inside KXMK's protected service area receive harmful interference from KONC as close as "ten miles from the KXMK transmitter site," rendering "continued co-channel operation untenable". Alpha avers that it will effectuate the channel change as soon as possible should the Commission act favorably on its reconsideration request, contending that we misinterpreted its comments if we concluded that it does not wish to change to a different channel from Channel 292A. Accompanying its Petition is a supplement[2] that purportedly demonstrates the existence of co-channel interference between KXMK and KONC. The supplement also includes an engineering statement submitted on behalf of KONC that supposedly corroborates such mutual harmful interference.

5. In its motion to strike, Lotus asserts that Alpha, for the first time, seeks to substantiate its claim of interference from full service stations, based on material not previously presented to the Commission, which Alpha had ample opportunity and notice to obtain. Consideration of this material, contends Lotus, is barred by Section 1.429(b) of the Rules. Additionally, Lotus claims that the Petition, in making "unsupported and defamatory" comments about Lotus, does not "conform to the canons of civility" and thereby does violence to "the integrity of the Commission's processes."[3]

DISCUSSION

6. After a preliminary review of Alpha's petition for reconsideration, it is evident that it is comprised of new material that does not relate to new or changed circumstances from those existing at the time of the *Order*'s issuance. Moreover, it is clear that Alpha could have presented this material to the Commission prior to our consideration of the *Notice* and the responsive pleadings to it.[4] Section 1.429 precludes a grant of such petition, unless consideration of this material is in the public interest. However, we find this material does not support Alpha's proposition that harmful interference exists between KXMK and KONC, and, as such, it cannot serve as a basis for finding that a grant of the petition would serve the public interest. Therefore, we will deny Alpha's petition for reconsideration.

7. More specifically, the two engineering showings included with Alpha's supplement do not substantiate the existence of interference. KXMK's engineering showing provides no analysis of the purported interference,[5] although KONC's engineering showing makes an attempt to

demonstrate the presence of harmful interference by showing the overlap of certain field strength contours of the respective stations. In general, although FM stations and allotments are not protected from interference based on contour analysis, where a station requests a change in its own facilities designed to reduce the potential for interference, contour overlap may be used to demonstrate the existence of interference, in particular, where a station's predicted service contour is overlapped by the predicted interference contour of another station. Such interference is said to exist between most classes of FM co-channel stations (including Classes A and C2, at issue in this case) when the 60 dBu service contour of the affected station is overlapped by the 40 dBu interference contour of another co-channel station.[6] While the demonstration of such interference does not, by itself, entitle one to relief,[7] its existence can serve as support for an assertion that harmful interference does exist and that a station's signal could be improved by changing to another channel. Operation on a different channel might eliminate the overlap and reduce the potential for interference. The supplement, however, does not demonstrate such interference.

8. KONC does not distinguish between the service and interference contours and does not even mention the 40 or the 60 dBu contours, instead referring to the "34 dBu (0.05 mV/m) service contour overlap" as indicative of interference between KXMK and KONC. Any analysis based on overlap of respective service contours, much less at 34 dBu (a very low level signal considered sufficient for service to rural areas prior to Docket 14185)[8] is without foundation and proves absolutely nothing with respect to interference to the stations or lack thereof. Alpha's supplement does not substantiate the existence of interference, as said to exist under the contour overlap method,[9] and, thereby, the public interest need for a channel substitution. Moreover, a staff engineering analysis using the correct methodology revealed no such interference between the two stations.[10]

CONCLUSION

9. Thus, given the Petition's reliance on previously available facts without there being new or changed circumstances, and the lack of a public interest benefit in considering these facts, we deny the petition and affirm the *Order*.

10. Accordingly, pursuant to authority contained in Sections 4(i), 5(c)(1), 303(g) and (r), and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61, 0.204(b), and 0.283 of the Commission's Rules, IT IS ORDERED That the Petition for Reconsideration filed by the Alpha Group IS DENIED.

11. IT IS FURTHER ORDERED That the Motion to Accept Supplement to Petition for Reconsideration filed by the Alpha Group IS GRANTED.

12. IT IS FURTHER ORDERED That the Motion to Strike filed by the Arizona Lotus Corp. is dismissed as MOOT.

13. IT IS FURTHER ORDERED That this proceeding IS TERMINATED.

14. For further information concerning this proceeding, contact J. Bertron Withers, Jr., Mass Media Bureau, (202)632-7792.

FEDERAL COMMUNICATIONS COMMISSION

Bradley P. Holmes
Chief, Policy and Rules Division
Mass Media Bureau

FOOTNOTES

[1] Oppositions to the Petition were to have been filed on or before January 12, 1989. Lotus' motion, filed on March 10, 1989, 57 days later, requested the striking of 3 of Alpha's pleadings: the Petition itself, Alpha's motion to accept the supplement the Petition, and its supplement.

[2] Alpha filed its supplement late, one day after it filed its Petition, along with a motion for the acceptance of the late-filed supplement. Alpha submits that circumstances beyond its control delayed the submission of this information. As a discretionary matter, we have reviewed this information in order to determine if grant of Alpha's request for reconsideration would serve the public interest.

[3] In view of our disposition of this case, we need not address Lotus' motion to strike. We will, therefore, dismiss Lotus' motion as moot.

[4] The Commission dismissed Alpha's initial request for an upgrade of Station KXMK on Channel 293C2 in the *Notice*, having refused to propose such channel change. We again rejected it in the *Order* and will not propose it here on reconsideration. First, no new arguments are presented, and we therefore will not consider again arguments made on reconsideration that we have already considered. Second, the new site, given for the first time in its petition for reconsideration, could have been provided earlier. We find this site mentioned nowhere in Alpha's prior pleadings. Moreover, the site newly proposed by Alpha is short spaced to the Mexican station XHSN by 27.1 km. Finally, contrary to suggestions by Alpha that there are presently provisions in the Mexican FM Broadcasting Agreement that permit us routinely to negotiate short spacings, there are no such provisions.

[5] KXMK's engineering consultant submits that we failed to consider special propagation characteristics between KXMK and KONC. Other than declaring that such characteristics result in specified "interference problems," no support for these claims is offered. For example, Alpha's consultant charges that "both stations experience frequent blanking within their normally-protected interference-free contours." If by "blanking" is meant "blanketing", nothing at all is presented to substantiate the claim that blanketing interference [signals of field strength 115 dBu (562 mV/m) or greater] is experienced within the service areas of either KXMK or KONC.

[6] The field strength contours at the periphery of the service areas of Classes A, C3, C2, C1, and C all approximate 60 dBu (1.0 mV/m). For Class B and B1 stations, the respective protected service areas are circumscribed by field strength contours of approximately 54 dBu (0.5 mV/m) and 57 dbu (0.7 mV/m), respectively. With a protection ratio of 20 dB for co-channel interference, the interference contours for Classes A, C3, C2, C1, and C stations approximate 40 dBu, and for Class B and B1 stations, 34 and 37 dBu, respectively.

[7] This is particularly so given the rule limiting the interference protection accorded commercial FM stations solely to that resulting from the Commission's distance separation and the power/antenna height requirements. *See* §73.209(b).

[8] In Docket 14185 we discarded the concept of establishing minimum levels of signal for various regions in favor of protecting service areas of various sizes depending on the class of station. Additionally, these service areas are centered around specific communities, undistinguished as to whether they are rural or urban. However, the quality of signal at the periphery of any of these service areas is far superior (at approximately 54 to 60 dBu) to that of a 34 dBu signal.

[9] *See* n. 6, *supra*.

[10] Even using KMXK's and KONC's antenna heights above average terrain (of 103.8 m and 134.6 m) along the specific radial between them, as calculated by KONC's engineering consultant, the respective service contours are not overlapped by the other's interference contours. The service contours of KXMK and KONC extend outward from their transmitters 24.7 km and 26.4 km, respectively, which are 0.5 km and 2.2 km farther than that of a Class A station at maximum facilties. KXMK's and KONC's interference contours along this radial lie at 76.6 km and 79.0 km, respectively, from their transmitters. In neither case does the sum of the distances to one station's service contour and to the other station's interference contour equal or exceed the minimum distance separation of 104.7 km between the two co-channel Class A stations (24.7 + 79.0 = 103.7 and 26.4 + 76.6 = 102.0). Since there is no overlap of the two contours, no interference is said to occur.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 87-426

In re Applications of

SHAWN PHALEN	File No. BPH-851231MO
PATRICIA JOSEPHINE JACOBSEN, d/b/a PEACOCK BROADCASTING, LTD.	File No. BPH-851231MP
ELLWOOD BEACH BROADCASTING, LTD.	File No. BPH-851231MS
SPIRIT BROADCASTING	File No. BPH-860102MZ
JAMES EVANS	File No. BPH-851231MR
CLAUDIA BRATTON	File No. BPH-860102MX

For Construction Permit for New FM Broadcast Station at Montecito, California

APPEARANCES

David Tillotson, *Jay L. Birnbaum*, and *John T. Mitchell* on behalf of Shawn Phalen; *Dennis S. Kahane*, *Adam A. Andersen*, and *Theresa Fenelon* on behalf of Peacock Broadcasting; *Lewis Cohen*, *Roy Boyce*, and *John J. Schauble* on behalf of Ellwood Beach Broadcasting, Ltd.; *Eric S. Kravetz*, *Donald Ward*, and *Chester F. Naumowicz* on behalf of Spirit Broadcasting; *Peter A. Casciato*, and *Lee Peltzman* on behalf of James Evans; and *Alfred Cordon* and *Dennis J. Kelly* on behalf of Claudia Bratton and *Linda Bocchi* on behalf of the Chief, Mass Media Bureau, Federal Communications Commission.

INITIAL DECISION OF ADMINISTRATIVE LAW JUDGE WALTER C. MILLER

Issued: July 17, 1989; Released: July 25, 1989

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1. Six applicants remain in this comparative contest for Channel 225A (92.9 kHz) at Montecito, California: (1) Shawn Phalen (Phalen); (2) Patricia Josephine Jacobsen d/b/a Peacock Broadcasting (Jacobsen or Peacock); (3) Ellwood Beach Broadcasting, Ltd. (Ellwood); (4) Spirit Broadcasting, a California Limited Partnership (Spirit); (5) James Evans (Evans); and (6) Claudia Bratton (Bratton).

2. After the interlocutory cycle had run its course, and the faltering applications had been dismissed, evidence was taken on five factual issues:[1]

> II-1: To determine whether Shawn Phalen has violated 47 CFR 1.65 by failing to amend her application to reflect that her father, Rick Phalen, had acquired a radio station, and if so, what effect that violation has on Phalen's basic qualifications to be a Commission license.
>
> II-2: To determine whether Shawn Phalen deliberately concealed from or lacked candor with the Commission by failing to report her father's media interest, and if so, what effect that concealment or lack of candor, has on her basic qualifications to be a Commission licensee.
>
> II-3: To determine whether Shawn Phalen's father, Rick Phalen, is an undisclosed party-in-interest in Shawn Phalen's application, and if so, what effect that has on her basic qualifications to be a Commission licensee.
>
> II-4: To determine whether Shawn Phalen misrepresented or lacked candor when she affirmatively certified her financial qualifications in BPH-851231MO, and if so, what effect those misrepresentations and/or lack-of-candor has on her basic qualifications to be a Commission licensee.
>
> II-5: To determine whether Shawn Phalen is financially qualified to construct and operate it for three months without revenue.
>
> I-1: To determine which of the proposals would, on a comparative basis, best serve the public interest; and
>
> I-2: To determine, in light of the evidence adduced pursuant to the foregoing issues, which of the applications should be granted, if any.[2]

3. An additional matter must be considered under the standard comparative issue. The Chief, Audio Services called for comparative coverage evidence. *See* DA 87-1354, released October 8, 1987, at para. 17.

4. We held prehearing conferences on January 21, 1988, February 1, 1988, and May 23, 1988. The evidentiary admission session was held on June 8, 1988. We held hearing sessions on June 27, 1988, and on July 25, 26, and 27, 1988. The evidentiary record was closed on Wednesday, July 27, 1988. *See* Tr. 1294, and FCC 88M-2453 released July 29, 1988. The parties filed their Proposed Findings of Fact on September 27, 1988, and Replies on October 13, 1988.

Findings of Fact
Issues II-1 and II-2: Phalen's Failure to Report Issues

5. Shawn Phalen filed her FM application for Montecito on December 31, 1985. There she reported that no other members of her family owned any media interests. That representation was accurate as of December 31, 1985.

6. However, on December 15, 1986, her father, Richard C. (Rick) Phalen acquired the controlling interest in FM station KQKS, Longmont, Colorado. He owns all the voting stock of the licensee of that station. FM Montecito Ex. 21, pp. 36-37. Although Shawn was "generally aware" of her father's acquisition, she did not amend her Montecito application to reflect that fact (Phalen Ex. 2). Thus, her opposing applicants were led to believe that her original representation was still accurate.

7. This proceeding was designated for hearing on October 8, 1987. On October 15, 1987, the Presiding Officer released what turned out to be the first of two Prehearing Orders. *See* FCC 87M-2561.[3] There (at para. 4) he instructed each applicant to be sure its diversification position was accurate. Diversification updates were due on or before October 28, 1987. Ms. Phalen did nothing.

8. Shawn Phalen was first deposed on December 21, 1987. There she was questioned about her father's media interests. She still did nothing. So, on January 11, 1988, FM Montecito moved to enlarge the issues against her. *See* FCC 88M-358, released February 11, 1988. It wasn't until January 25, 1988, that Ms. Phalen finally filed an amendment reflecting her father's ownership of KQKS, Longmont. *See* FCC 88M-34 released February 9, 1988.

9. Shawn Phalen has tried to explain away her failure to report Rick Phalen's 1986 acquisition of KQKS, Longmont. She says: (1) that she was " . . . unaware of when he actually acquired the station until the day of my first deposition in this proceeding, December 21, 1987;" (2) that she " . . . did not realize that my father's acquisition of KQKS was a matter I should have reported to the FCC when it occurred;" (3) that "[s]ubsequent to the time that I reviewed and signed my application, I did not review it to see whether it needed to be amended: and (4) that she "relied" on her attorney, David Tillotson, and Tillotson never told her that she needed to report her father's interest. She also blames the delay in filing her amendment on Tillotson. She says that Tillotson sent the draft amendment to Tucson (where Ms. Phalen was going to college), instead of Montecito (where she lives, and where she was vacationing at the time). Phalen Ex. 2, pp. 11-12.

10. Phalen's defenses are not only weak, they are inconsistent. The record shows that on December 21, 1987, Mr. Phalen knew that her father had acquired an FM station in the Denver area. Indeed she believed he had owned it for two years prior to that date. FM Montecito Ex. 21, p.33.

11. Her attempts to shift the blame to her attorney, David Tillotson, must fall on either of three reasons. First, Tillotson is also Rick Phalen's lawyer, and has been for some sixteen years. He handled the Longmont closing,

and was careful to report Shawn Phalen's Montecito application in the assignee's portion of the Longmont assignment application. Secondly, and *assuming* Tillotson didn't tell her she needed to amend, it is fundamental precept of the law of agency that a principal is responsible for the acts and non-acts of her agent that he performed in the course of his employment. *See also Wadeco, Inc.* v. *FCC*, 628 F. 2d 122, 47 RR 2d 177 (D.C. Cir. 1980). And third, this record *infra.*, reveals that her father, Rick Phalen, is a real-party-in-interest to her Montecito application. And she didn't want that known, because that would weaken not only her diversification position, but would take away her clout at the negotiation table.

12. *Intermediate Findings*. The foregoing findings (Findings 5-11 *supra.*) lead inexorably to certain intermediate findings. Shawn Phalen has clearly violated 47 CFR 1.65 by failing to timely amend BPH-851231MO. She knew her father had acquired a controlling interest in KQKS, Longmont, but she didn't want to report that interest because: (1) it would lead to an inquiry into what role, if any, Rick Phalen was playing in her Montecito application; (2) it would weaken her diversification position; and (3) it would make her less formidable at the negotiation table. So she deliberately concealed her father's KQKS acquisition from both the Commission and her mutually-exclusive opponents. Moreover, she didn't amend until after FM Montecito moved to enlarge the issues against her. At that point, Ms. Phalen had no choice but to amend her application.

Issue II-3: Phalen's Undisclosed Principal Issue

13. Shawn Phalen ostensibly learned about the availability of Channel 225A in Montecito in April 1985. She learned about it from David Tillotson. Tillotson has been, and still is, her father's, Rick Phalen's communications counsel since 1972.

14. At that time Shawn was a freshman at the University of Arizona in Tucson, Arizona. Tillotson called her at school, and told her about an opportunity to apply for an FM station in Montecito. He had never called her before, and the only time they had previously met was at a dinner that the Tillotson family and the Phalen family had in 1982 - when Shawn was only sixteen years old. Rick Phalen claims that Tillotson did not call him before he (Tillotson) called Shawn, but he couldn't explain how Tillotson obtained Shawn's phone number. At her deposition, Shawn Phalen couldn't remember whether she and her father discussed the fact that Tillotson would be calling her before the fact. But she assumes that Tillotson spoke with her father before calling her. In the initial call, Tillotson told Shawn that her female status and local residence would be important advantages if she applied for the channel. *See* Tr. 332-333, 497 and 499; FM Montecito Ex. 22, pp. 31-34, 41; and FM Montecito Ex. 23, pp. 10 and 12.

15. Shawn Phalen then called her parents to discuss the project with them. Her father, Rick Phalen, said "I thought it was a great idea, and told her I thought *we* should go forward "(underlining supplied). He then called Tillotson for an "update . . . on what it was about." At the time Shawn Phalen filed for Montecito she was only a 19-year old sophomore at Arizona University. FM Montecito Ex. 23, p. 11; FM Montecito Ex. 21, pp. 8-9.

16. As of that time, and the time she was first deposed on December 21, 1987, she had never managed any business; she had never hired nor fired anyone, and had never handled the budget or payroll of an organization. When she wasn't at school, she lived at home with her parents. Her father, Rick Phalen, was paying for her college education, and she doesn't intend to pay him back. FM Montecito Ex. 2, pp. 16-17, 23-25 and 57.

17. On the other hand, Rick Phalen was and is a broadcaster. He began his career with the radio sales representative firm of Grant Webb in Chicago; then he moved to the John Pearson Company; and then he joined the Mutual Broadcasting System. FM Montecito ex. 23, p. 6.

18. In 1969, Mr. Phalen left the "sales-rep" business to become part-owner of station KIKI, Honolulu, and the following year, he and three other people founded Western Cities Broadcasting, Inc. (Western). He was President of Western, and came to own 21.3% of the company. Between 1970 and 1985, Western acquired 8 AM and FM stations in the following markets: Las Vegas, Nevada; Tucson, Arizona; Phoenix, Arizona; Sacramento, California; and Gilroy/San Jose, California.

19. On March 15, 1985 (loss than a month before Tillotson placed his initial call to Shawn Phalen) Rich Phalen and his Western group consummated the sale of their eight stations communications network, and he began look around for other broadcast opportunities. Tr. 366-374; and FM Montecito Ex. 23, pp. 6-9.

20. Shawn Phalen doesn't know what her communication's counsel's (Tillotson's) hourly charge is. But her mother, Tina Phalen, knows. Before she filed her application, Shawn never asked Tillotson to estimate what her legal expenses would be. And on the one occasion, when a question about her counsel's charges arose, it was Rick Phalen who discussed the matter with counsel. FM Montecito Ex. 21, p. 45; Ex. 22 pp. 15 and 38.

21. As previously noted, Shawn Phalen claims she first learned that the Montecito FM channel was available when Tillotson first called her in early April 1985. *See* Finding 13 *supra*. However, Tillotson's time records show that the first call to the Phalen family came on May 8, 1985, and it was to Rick Phalen. That call lasted .3 of an hour. They discussed the selection of a transmitter site for Shawn's proposed station. The second recorded call that Tillotson made was also to Rick Phalen, and included Rick Phalen's and Shawn Phalen's consulting engineer, Benjamin Dawson. it was Tillotson who ostensibly recommended Ben Dawson to Shawn. FM Montecito Ex. 25, 49. At her deposition Shawn Phalen first claimed it was she who negotiated Dawson's fee. But when she was asked how she did so, she answered. "He sent me the bill, and I paid for it."[4] In fact, she never had any discussion with Dawson concerning what his services would cost. FM Montecito Ex. 21, p. 45; Ex. 22, p. 36.

22. It was Rick Phalen who arranged for a transmitter site lease. He retained James Stucks, an attorney with the Chicago law firm of Pedersen and Houpt to prepare the lease. Pedersen and Houpt have served as Rick Phalen's general counsel since October 1969, and Peer Pedersen, a name partner, who was Rick Phalen's partner in Western Cities. *See* FM Montecito Ex. 23, pp. 10-16, and Findings 18-19 *supra*. In Rick Phalen's words, "I used [Stucks] at that time because my attorney, Jim Clark, was not available." Pedersen and Houpt's billing records show the

client to be Richard C. Phalen, Jr., FM Montecito Ex. 25, pp. 51-52. The billing address is 1482 East Valley Road, Rick Phalen's business address.[5]

23. On at least eight occasions over the two-year period between June 1985, and July, 1987, Tillotson's law firm also sent billing statements to 1482 East Valley Road. At her December 1987 deposition Shawn Phalen testified that the listing of this address on Tillotson's statement was a "mistake." FM Montecito Ex. 21, p. 16. Later, at the hearing, Shawn admitted that she has received mail at[6] her father's business address.

24. In November 1985 (around Thanksgiving) when Shawn was home from school, the Phalen family discussed filing for the Montecito frequency. During that discussion Rick Phalen and his wife, Tina Phalen, agreed to bankroll that filing. They orally agreed to provide the money needed to prosecute the application and to construct and operate the station until it began to make a profit. They claim that the interest rate on this "loan" would be ten percent, but that Shawn wouldn't need to start repaying the loan until the station generated enough cash flow to allow repayment or until the station was sold.[7] Rick Phalen says that he will review the monthly profit and loss statements and that he might force Shawn to sell the station if the station's performance was unsatisfactory. FM Montecito Ex. 23, p. 26. It was during this same time period that Rick Phalen purportedly prepared a *pro forma* budget. That budget, if it ever existed, was lost. FM Montecito Ex. 23, 21; and Ex. 22, p. 15.

25. Following that November 1985 family discussion, Rick and Tina Phalen set up a special bank account for Shawn in the Santa Barbara Bank and Trust Company to take care of the expenses relating to her Montecito application. They have paid all the expenses, $65,000 to date (Tr. 532, 539). Rick Phalen has even paid for his daughter's air fare to Washington in order to testify at the hearings.

26. Although Shawn Phalen was a full-time student at the University, the bills relating to her application go either to her father's business address or to her parent's home at 706 Park Lane in Montecito. Tina Phalen says, "I transfer money from one of our accounts to her account, as needed." Shawn doesn't have any say in the amount transferred. It's her parents who decide that. FM Montecito Ex. 21, pp. 18, 22, 39-40.

27. The check book and register for this account are always kept at the Phalen home in Montecito regardless of where Shawn is. When Shawn is away her mother, Tina Phalen, signs Shawn's name to checks, and has done so on at least six occasions.[8] Her father has paid bills three times without her prior approval. *See* Phalen Ex. 2, p.9; Tr. 400-401.

28. Rick Phalen not only dominated the pre-filing preparation of Shawn's application and not only has he completely dominated the financial aspects of the application, he has dominated the post-designation events surrounding that application. All correspondence from Tillotson to Shawn is carbon copied to Rick Phalen. FM Montecito Exs. 10-12, 14-15; Tr. 388 Rick Phalen has talked with Shawn about her application on numerous occasions and he has talked regularly with Tillotson about the progress of the application and Tillotson's view of the chances of winning the channel. In addition, he called Pat Maes, an investigator that he has used in Denver, to see whether he would be able to work with his daughter. *See* Phalen Ex. 3; FM Montecito Ex. 23, p. 17; Tr. 346, 379, 381; FM Montecito Ex. 21, p. 46; and FM Montecito Ex. 25 (Tillotson's time logs).

29. Several examples of such post-designation dominance will suffice. Tillotson's personal diaries show that on August 29,1985, he told Rick Phalen about a federal court's elimination of the female preference. FM Montecito Ex. 25, p. 1; also compare Rick Phalen's deposition testimony (FM Montecito Ex. 25, pp. 1, and 17-18) and his hearing testimony. (Tr. 378-380).

30. Tillotson's diaries also show that counsel's time was billed to "Shawn Phalen c/o Rick Phalen" at 1482 East Valley Road. In fact several of Tillotson's conversations with Rick Phalen were billed to his daughter's account. FM Montecito Ex. 25, pp. 1, 5, 8, 12, 13 and 49.

31. On November 20, 1985, Tillotson wrote to Ms. Phalen at Tucson to tell her about the opening of a filing window for the Montecito frequency. He sent a copy of that letter to her father. FM Montecito Ex. 8.

32. On February 5, 1986, Tillotson sent Shawn Phalen a preliminary analysis of her competing applicants' strengths and weaknesses. He sent a copy of that letter to Rick Phalen. Rick Phalen also received copies of a draft of his daughter's proposed testimony, her opposition to FM Montecito's Motion to Enlarge and the FCC caselaw on the Real-Party-in-Interest issue, at the same time they were sent to his daughter. FM Montecito Exs. 13-15.

33. After Shawn's application was designated for hearing, Rick Phalen and Shawn discussed the settlement offers that she received and he advised her about how much he would be willing to lend her so that she could buy-out the competing applicants. Rick Phalen also discussed with Shawn whether she should file a petition for reconsideration concerning the return of her application. FM Montecito Ex. 21, pp. 17-18, 46.

34. At Tillotson's suggestion, Rick Phalen went to a settlement meeting with Shawn in Santa Barbara in April, 1988. Ostensibly Rick Phalen went to the meeting to explain to the principals of the competing applicants why he was unwilling to lend Shawn settlement funds over a stated amount.

35. Rick Phalen put his daughter in contact with Joseph Baliss, a family friend. At the hearing Shawn indicated that she had an experienced sales manager for the station; namely, Baliss. She said that she and her father had offered Balass a 15% equity interest in her proposed Montecito station in March 1988. Under the agreement, Baliss would buy part of his 15% interest and the remainder would be based on performance. Baliss has agreed to these terms, and Shawn intends to hire him if her application is granted. This 15% dilution of Shawn Phalen's sole proprietorship first came out during the hearing. The Commission has never been informed of the agreement. Tr. 516-517, 519-521, 555, and 568.

36. Rich Phalen continued to exercise control over BPH-851231MO during the hearing. In fact, it was Rick Phalen (not Shawn) that aborted the June 27,1988 settlement. At the June 27th hearing session, the parties reported that they had reached a settlement, and asked for a 30-day continuance, so they could put the papers together. *See* Tr. 304-312. The Presiding Officer had just rejected a bizarre request for a continuance that was premised on a possible settlement. *See* FCC 88M-1955, released June 23,1988. So he was wary of the way this new settlement was constructed, and he refused to give

the parties their continuance until all the evidence was adduced on Shawn Phalen's basic qualifying issues. After that was done he readily granted their motion. *See* Tr. 418-421.

37. At the June 27th hearing when it came to outlining the settlement's terms, Phalen's counsel (David Tillotson) deferred to Spirit's counsel (Eric Kravetz). Kravetz outlined the terms that had been agreed upon. Basically, he represented that Spirit and Shawn Phalen had agreed to form a new corporation, and buy out the then five remaining applicants. He further represented that his client Spirit would have the controlling interest in the new corporation (51%), and Shawn Phalen would own 49%. Rick Phalen, his wife Tina Phalen, and Shawn Phalen were present in the courtroom (along with Tillotson) at the time Kravetz made his record representations.[9] They said nothing, and it appeared to the Presiding Officer that they were satisfied that Kravetz had accurately described the agreement. Based on Kravetz's representations the Presiding Officer gave the parties a 30-day continuance to assemble and file the formal papers.

38. What everyone in the courtroom, except the Phalens, didn't know, was that the settlement Kravetz described had already aborted. *See* Tr. 426-489. And it was Rick Phalen, not Shawn, that killed the deal. Four days before Kravetz made his representations, Rick Phalen talked with Spirit's proposed financier, Bob Finklestein. He said that the agreement had to be changed; that his friend, Joe Baliss (see Finding 35 *supra*.), had to be the proposed station's sales manager; that Baliss had to be given a 10% equity interest; and that 10% had to come 5% from Spirit and 5% from Shawn Phalen. Of course, under this arrangement Spirit would no longer control the new corporation. Rick Phalen made this so-called counter-proposal to Finklestein without Shawn Phalen's knowledge or authorization. He told her about it after the fact. *See* Tr. 582, 585-586, 591, 596-597, 606-607, and 610-614.[10]

39. Rick Phalen is pointedly aware of the total control he has exercised over his daughter's application, and why he has that control. At the June 27, 1989, hearing session, the following colloquy occurred. (Tr. 384, lines 3-8):

> "JUDGE MILLER: So you have actively participated in –
>
> "THE WITNESS: As my daughter's financial adviser; in terms of how much money we are willing to settle for, yes sir. Without me --I'm the bank. You know, she's got a problem."

40. Moreover, Rick Phalen intends to continue to exercise control even after the station goes on the air. He testified (FM Montecito Ex. 23, pp. 20-26) that he " . . . would be watching it, and . . . would want to see monthly profit and loss statements and see how the operation is going." And he told his daughter: "you know, if the thing goes belly up -- we could have a loan agreement that says you have to meet certain levels, and if you don't the phones would be cut off . . . I can't tell you to sell the radio station; it's your radio station. But if push came to shove, I could cut off the funds."

41. *Intermediate Findings.* If ever there was an undisclosed party-in-interest to an application, Rick Phalen is one in Shawn Phalen's application. *See* Findings 13-40 *supra*. In fact, the record supports the finding that this is Rick Phalen's application - not his daughter's. Having sold a small broadcasting empire in March 1985 for a substantial sum of money, Rick Phalen immediately embarked on creating his second empire. One of the methods he's using to build that second dynasty is the comparative hearing process. And he is more than aware that being a white non-Hispanic male with a diversification demerit, his chances of prevailing in a comparative hearing for a market of any size would be slim to nil. His counsel, David Tillotson, has so advised him. He is also aware that by using his daughter as a "front," he could pick up a qualitative female enhancement credit in a comparative hearing.

42. Rick Phalen has totally dominated the prosecution of this Montecito application in every respect. It is his communications counsel, his corporate counsel, and his consulting engineer that got the application prepared and filed. He retained them, and he pays them. And it is Rick Phalen, not Shawn, that consulted with them, and told them what he needed. It is Rick Phalen's money, not Shawn's, that fuels BPH-851231MO, make no mistake about it.

43. He, not Shawn, has dominated the settlement negotiations with the other parties to this case. "in terms of how much money *we* are willing to settle for . . . " (underlining supplied). And the reason he has so dominated is because "[w]ithout me --I'm the bank. You know, she's got a problem." In fact, it was Rick Phalen, not Shawn, that killed the infamous June 27th 1988 settlement.

44. It is Rick Phalen, not Shawn, that secretly restructured Shawn's "sole proprietorship" by agreeing to give his friend, Joe Baliss, a 15% equity interest in his daughter's application. Moreover, even after the station goes into operation, Rick Phalen will still exercise ultimate control. As he has told Shawn, " . . . if the thing goes belly up . . . the phones will be cut-off . . . if push comes to shove, I could cut-off the funds."

45. Perhaps Rick Phalen's communications attorney, David Tillotson, *understated* it best. On January 13, 1988, he wrote Shawn Phalen, and said this. (FM Montecito Ex. 13, pp. 1-2):

> "As we have discussed from the outset, the fact that you are dependent upon your parents for your support as well as for the financing of your proposed station, does raise a question as to whether you will really be in control of the station if your application is granted. In fact, as we discussed while you were in Washington, you do expect to rely upon your father for much more than mere financial support if your application is granted."

46. The evidence is conclusive. Rick Phalen is an undisclosed party-in-interest in Shawn Phalen's application, the Phalens have unsuccessfully tried to hide his interest, and this mandates denial of BPH-851231MO.

Issue II-4: Phalen's False Financial Certification Issue

47. On November 20, 1985, David Tillotson wrote Shawn Phalen (with a copy to Rick Phalen). This was over a month before Shawn certified and filed her application. He advised her as follows. (FM Montecito Ex. 8):

> "One thing that you will need to do *before* the application is filed is to go through the steps necessary in order for you to certify that you have the financial ability to construct the station and operate it for three months . . . [i]t is important that you go through the exercise of determining what it will cost to construct the station and operate it and that you then obtain a *written* confirmation that the money you will need to construct and operate the station will be available to you.
>
> . . .
>
> Once you have arrived at the total amount of money that you will need, you should then determine whether you have that amount of money in *liquid assets* that you control. If you do not, you should obtain a *written* confirmation from your parents that they will lend you the money that you will need . . ." (underlining supplied)

48. As previously noted (Finding 24 *supra.*), Shawn Phalen responded to this sound advice by entering into an *oral* agreement with her parents under which her parents *orally* agreed to fund the Montecito project. She also claims that she and her father prepared a three-year *pro forma* budget for the station, and wrote those figures on a legal paid. Needless to say, she couldn't place a copy of that budget into evidence, because somehow it got lost. However, she does know that the budget did not contain an estimate of attorney's fees to prosecute the application since Shawn has never discussed the prosecution costs with her communications counsel.[11] Nor does she even know what Tillotson's rates are. (FM Montecito Ex. 22, p. 15; and Finding 20 *supra.; also see* Phalen Ex. 2, p. 5).

49. Ms. Phalen also remembers that the lost budget contained no costs for preparing and filing the application, and while it contained a lump sum figure of $125,000 (she obtained from Ben Dawson), there was no specific cost estimate for her transmitter, antenna, transmission line, and studio equipment. *See* Phalen Ex. 2, p. 4; FM Montecito Ex. 22, pp. 9-10. Nor does she know whether the $125,000 figure included labor. Montecito Ex. 22, p. 12.

50. So this then was the state of events (Findings 47-49 *supra.*), at the time Shawn Phalen filed BPH-851231MO on December 31, 1985. She had only her parents' *oral* commitment to back her financially, and if an operating budget existed it was woefully incomplete. It appears that David Tillotson's sound advice. (Finding 47 *supra.*), fell on deaf ears.[12]

51. When she filed her application on December 31, 1985, she represented to the Commission " . . . that sufficient net liquid assets are on hand or available from committed sources to construct and operate the requested facilities for three months without revenues." *See* FCC 88M-358 released February 11, 1988, and BPH-851231MO.

52. It wasn't until November 12, 1987,[13] that Shawn Phalen had a document in hand that indicated that her father was willing to lend her $250,000 to construct and initially operate the station, and an additional "50,000 to prosecute the application.[14] That document is in the form of a letter (not an agreement), and is signed by Rick Phalen. (FM Montecito Ex. 12). The letter was purportedly written because Tillotson had indicated that the Review Board had ruled (after Phalen's application was filed) that all financial commitments relied upon by an applicant must be reduced to writing (Phalen Ex. 3; Phalen Ex. 2, p. 7). Rick Phalen has never specifically discussed with Shawn what the terms of repayment would be. (FM Montecito Ex. 23, pp. 19-20).

53. Moreover, the arrangements described in Rick Phalen's November 12, 1987 letter don't match the agreement described by Richard and Shawn Phalen elsewhere in their testimony; i.e., that Rick Phalen has orally agreed to lend Shawn up to 1.5 million dollars (Phalen Ex. 2, pp. 7-8; Phalen Ex. 3, 6). That one still hasn't been reduced to writing.

54. When she certified her application on December 31, 1985, Shawn had never seen her father's financial statement or balance sheet. She says that she " . . . knew that he would never make a commitment of this nature, if he didn't have the resources to back it up" (Phalen Ex. 2). She also knew that her father had recently[15] sold his interest in a major broadcast chain for a very substantial profit. On the other hand Shawn didn't know the amount of money her father realized from the sale, whether those proceeds were liquid assets, or whether those proceeds were used to pay off any existing liabilities.

55. *Intermediate Findings.* Findings 47-54 *supra.*, permit certain intermediate findings on Shawn Phalen's false financial certification issue. In *Las Americas Communications, Inc.*, 1 FCC Rcd 786, 61 RR 2d 1008 (Rev. Bd. 1986), the Board reaffirmed the principle that "[t]he *sine qua non* for financial qualifications . . . is written documentation." They also emphasized that " . . . where individuals are providing funds, they must also support their undertakings with balance sheets or financial statements . . . "

56. The Phalens were well aware that they needed such written documents to back up Shawn's financial certification. Their lawyer, David Tillotson, told them so (Finding 47 *supra.*). They simply ignored his advice (Findings 48-50 *supra.*). Consequently, when Shawn Phalen filed her application on December 31, 1985, she really didn't have any idea whether " . . . sufficient net liquid assets are on hand or available from committed sources to construct and operate the requested facilities for three months without revenue." She never had a *bona fide* written operating budget prepared; she had never seen her father's financial statement or balance sheet; and she had no written commitment from her parents that they would lend her the money. She had nothing. Tillotson's good advice went unheeded while the Phalens " . . . attempted to foist upon the Commission . . . " a "financial charade." *See Las Americas supra.*, at para. 11.

57. That's disqualifying conduct. It is found that Shawn Phalen lacked candor when she affirmatively certified that she was financially qualified in BPH-851231MO, and therefore she is not of fit character to be a Commission licensee.

Issue II-5: Shawn Phalen's Financial Qualifications

58. Shawn Phalen and her father estimate that she will need about $100,000 to prosecute her application (Tr. 542-543);[16] that she'll need $125,000 to construct the station (Phalen Ex. 2, p. 4); and that she'll need $114,950 to operate it for three months without revenues (Phalen Ex. 2, Attachment D). So, crediting those estimates, Phalen needs at least $339,950.

59. The only *written* funds commitment that Shawn Phalen has is her father's November 12, 1987 letter. *See* Finding 52 *supra*. There Rick Phalen says that he will lend her $250,000 to construct and operate the station, and an additional $50,000 to prosecute the application.[17] Thus, she would be at least $39,950 short.

60. This means that Shawn Phalen isn't financially qualified unless we can credit Rick Phalen's *oral* agreement to lend her up to $1.5 million dollars. *See* Finding 53 *supra*. If that oral commitment can be accepted, it appears that Rick Phalen and his wife could make such a loan. At the present time their joint liquid assets exceed all of their liabilities, including contingent liabilities, by nearly $2.9 million. (Phalen Ex. 3, Appendix B).

61. *Intermediate Findings*. Shawn Phalen has failed to demonstrate that she's financially qualified. Rick Phalen's *oral* commitment is not good enough. *See Las Americas Communications, Inc. supra.*, para. 11. In fact, in *Las Americas*, an individual (Donald Lewis) was providing the funds. And this Presiding Officer was called to task for "... failing to hold Lewis to the proper standard of proof -- documentary evidence . . . " He'll not make that mistake again. It is found that Shawn Phalen still doesn't have the appropriate reasonable assurance of funding from her parents, and therefore is not financially qualified.

Issue I-1: The Standard Comparative Issue Description of the Applicants

62. *Shawn Phalen*. Ostensibly Shawn Phalen has filed BPH-851231MO as a sole proprietorship. However, her opponents have demonstrated that that representation is false, and the sole proprietor ownership structure is a sham. They have shown that Shawn's father, Rick Phalen, is a real-party-in-interest in her application (Findings 13-46 *supra.*), and that his friend, Joe Baliss, is to be given a 15% interest in her "sole proprietorship." (Finding 44 *supra.*).

63. *Patricia Josephine Jacobsen d/b/a Peacock Broadcasting*. Patricia Jacobson has filed BPH-851231MP as an individual applicant, and sole proprietor.

64. *Ellwood Beach Broadcasting Ltd*. Ellwood Beach is a limited partnership, formed under California law, with the following principals. (Ellwood Beach Ex. 1):

CHART

Cherie Welty	General Partner	11% equity
Dana M. Hall	General Partner	9% equity
Ray M. Stanfield	Limited Partner	40% equity
Donna Cartright	Limited Partner	40% equity

65. At the time BPH-851231MS was filed, E. L. Cartright held a 40% limited partnership interest in the applicant. After his death his widow, Donna Cartright, assumed that interest. Dana Hall is Ray Stanfield's step-daughter. Although their is an 11% equity split, Cherie Welty and Dana Hall have equal voting power. (Tr. 709, 741, and 784).

66. *Spirit Broadcasting, a California Limited Partnership*. When they filed their application on January 2, 1986, they represented that Spirit was a limited partnership; that Michael Durden would be Spirit's general partner and have an 80% equity interest; and that the two limited partners, Jimmy Turner and Martin Moss, would each own a 10% equity interest.

67. All three of these representations proved to be false. There was no limited partnership in existence on January 2, 1986. The limited partnership agreement was not executed until February 13, 1986 or thereafter; it developed that Michael Durden only helds a 72% equity interest; and Jimmy Turner, and Martin Moss each own 14%. (Tr. 850, 852-853, 892, 894).

68. *James Evans*. James Evans has filed BPH-851231MR as an individual applicant, and sole proprietor.

69. *Claudia Bratton*. Claudia Bratton has filed BPH-860102MX as an individual applicant, and sole proprietor.

Diversification of Mass Media

70. *Shawn Phalen*. Shawn Phalen asserts she has no other media interest of any sort. However, her father, Richard Phalen holds an attributable 100% of the voting shares of Western Cities Broadcasting, Inc., licensee of KPKS(FM), Longmont, Colorado. (Phalen Ex. 1, p. 3; Phalen Ex. 5; and Finding 6 *supra.*).

71. *Patricia J. Jacobsen*. Ms. Jacobsen presently is the individual permittee of KJDJ(AM), San Luis Obispo, California. She is also the applicant for a new FM station at Oxnard, California.

72. *Ellwood Beach Broadcasting Ltd*. Neither Ellwood Beach nor any of its principals have any ownership interests in any media of mass communications.

73. *Spirit Broadcasting, a California Limited Partnership*. Neither Spirit nor any of its principals have any interest in or connection with any other media of mass communications.[18]

74. *James Evans*. James Evans has no ownership interest in or connection with any other media of mass communications.

75. *Claudia Bratton*. Claudia Bratton has no ownership interest in or connection with any other media of mass communications.

76. *Intermediate Findings*. Ellwood Beach, Spirit, Evans, and Bratton are entitled to a significant diversification advantage over Patricia Jacobsen. Jacobsen's KJDJ(AM) in San Luis, Obispo, is 81 miles straight-line distance from Montecito. They are also entitled to a lesser advantage over Shawn Phalen because of her father's ownership of KQKS(FM), Longmont, Colorado. As between Phalen and Jacobsen, Phalen is entitled to a slight diversification advantage.

Best Practicable Service

77. *Comparative Coverage*. By Memorandum Opinion and Order (FCC 88M-060 released January 13, 1988), the Presiding Officer accepted a joint engineering stipulation. So the record shows " . . . that five or more primary aural services are received throughout the primary coverage

areas proposed in their respective applications and that therefore, the differences in the areas and populations encompassed within their proposed primary coverage contours are not of decisional significance."

78. *Integration of Ownership With Management. Shawn Phalen.* Shawn Phalen claims a quantitative integration credit of 100%. She bases that claim on her sole ownership of BPH-851231MO, and her proposal to be the full-time manager of her proposed station.

79. That claim is rejected. Her ownership structure is a classic sham. *See* Finding 62 *supra*.[19] She is not a viable applicant worthy of integration consideration.

80. If her integration proposal were credited, Ms. Phalen would be fully integrated (at least 40 hours a week) as the proposed station's general manager. In that capacity she says that she will manage and supervise all aspects of the station's operation: that she will hire and fire all employees; that she will set personnel policy; that she will establish and implement the programming format; that she will develop the station's public service programming; and that she will oversee sales, promotions and general administration. (Phalen Ex. 1, p. 1).

81. However, the record shows that Shawn Phalen can't do what she says she'll do. She lacks the practical business experience needed to run a radio station on her own. She'll need both an experienced program director and sales manager to make her station successfull (Phalen Ex. 3, pp. 9-10). She gets 0% quantitative integration.

82. Shawn Phalen was born on February 8, 1966. She lived in Montecito with her parents from August, 1980 until September 1984. Since then she has spent most of her time as a student in Tucson, Arizona. She would return to Montecito during school breaks (Phalen Ex. 1, pp 1-2). Upon graduation, she became a "temporary" resident of Pismo Beach, California. *See* FCC 89M-1134, released April 11,1989.

83. From ages 12-14, she worked as a research assistant at KLUC(AM) and KMJJ(FM), Las Vegas, Nevada, stations owned and operated by her father and mother.

84. During the summers of 1985 and 1986, Ms. Phalen worked about 10 hours a week as a volunteer for Centro Familiar, a Santa Barbara social services organization. Santa Barbara is within Phalen's proposed service area. Shawn Phalen claims female enhancement.

85. *Patricia Jacobsen.* Patricia Jacobsen claims 100% quantitative integration. She says she will work at least 40 hours a week as the station's general manager if her Montecito application is granted. In that capacity, she will hire and fire all the employees, direct programming, select the public affairs programming, manage the station's finances, and oversee the station's day-to-day operations.

86. That quantitative claim must be rejected. Ms. Jacobsen hasn't demonstrated that she can effectuate her proposal, in light of her other commitments. Ms. Jacobsen presently owns and operates *KJDJ (AM) in San Luis, Obispo*. She is committed to spend a minimum of 30 hours a week at that station.[20] She has also applied for *a new FM station in San Luis, Obispo*. Her commitment to that proposal is purportedly secondary to the Montecito application. Ms. Jacobsen defines secondary as "secondary to whatever hours in my life are left over, then they would go to San Luis, Obispo FM."[21] Ms. Jacobsen is also an applicant for a new FM station at Oxnard, California. She proposes to be integrated full-time into the day-to-day operation of that station (Tr. 463-644, 648-651). She hasn't committed herself to abandon her Oxnard integration commitment if her Montecito application is granted. Stated another way, Ms. Jacobsen has reserved her option of subordinating her Montecito integration pledge if it later proves expedient to do so. (Tr. 643- 644, 648-651). She will therefore be credited with 0% quantitative integration.

87. Patricia Jacobsen's principal residence is in Lodi, California, some 250-275 miles from Montecito.[22] However, she maintains an apartment in San Luis, Obispo, and she says she'll move to Montecito - only 81 miles from her San Luis Obispo abode - if her Montecito application is granted. (Peacock Ex. 2, Peacock Ex. 5)[23]

88. Ms. Jacobsen asserts that she can meet the rigors of an 80 hour-plus schedule because she is a registered pilot, and able to fly the distance from San Luis Obispo to Montecito in 35 minutes (Peacock Ex. 2). That may well be, but it still leaves the Lodi/San Luis Obispo/Montecito/Oxnard commute woefully incomplete. She gets 0% quantitative integration.

89. Patricia Jacobsen was born in Claremore, Oklahoma in 1937. She received a Bachelor of Science degree from South Dakota State University in 1959, and from the University of the Pacific in Stockton, California in 1971. She has worked in dairy and cattle management, and as a teacher in several school districts including Minneapolis, San Jose, and Wheatland. (Jacobsen Ex. 5). She is a director of California Broadcasters Association. (Tr. 637).

90. Ms. Jacobsen claims double enhancement as a female American Indian. (Peacock Ex. 5, p. 1; Tr. 635, 655-657).

91. *Ellwood Beach.* Ellwood Beach seeks 100% quantitative integration. They stake their claim based on their intention to integrate their two general partners, Cherie Welty and Dana M. Hall into the proposed station's day-to-day operations. *See* Findings 64-65 *supra*.

92. Ellwood Beach intends to integrate Ms. Welty as the full-time (a minimum of 40 hours a week) general manager. She will have 50% of the voting power, even though she only owns an 11% equity interest. In her capacity as general manager, Ms. Welty would direct the station's operation, establish and implement station's policies, hire, fire and supervise station personnel and administer the Equal Employment Opportunity Program. (Ellwood Beach Ex. 2, pp. 2-3).

93. Cherie Welty was born in 1936 in Santa Barbara, within the proposed station's principal city contour. She attended high school and college there, and has resided in Santa Barbara all of her life except for four years.

94. Ms. Welty has extensive broadcast experience. From 1956 to 1958, she was the Assistant Operations Manager at KEYT, Santa Barbara; from 1958 to 1960 she was Traffic Manager and Assistant to the President for Radio/TV Representatives in New York City; and in 1961, she worked as a substitute Operations Manager at KEYT-TV in Santa Barbara.

95. From March 1962 to December 1981, Ms. Welty worked for KIST, Santa Barbara. She started out as a Traffic Manager/Copywriter and Operations Manager. Later, her duties expanded to Assistant Manager, Corporation Secretary, and Corporate Manager. Eventually she became Station Manager. From April to June of 1982, Ms. Welty was the part-time Operations Manager at KRUZ-FM, Santa Barbara.

96. Ms. Welty has been and is civically active. She is a member of the Santa Barbara Choral Society, and was its president for two years. Since 1950, she has been an active member of the First Congregational Church. She has been the Stage Manager for Alhecama Theater, a local theater group, for about ten years. She is a member of the Board (about 10 years). She has been secretary and president (about 5 years) of the Santa Barbara Memorial Society, an organization which encourages and stresses low-cost, prepaid funerals/cremations.

97. Cherie Welty claims female enhancement.

98. Ellwood Beach also intends to integrate general partner, Dana Hall, as the full-time Sales Manager (40 hours a week) of the proposed station. In that capacity, she will manage and supervise all national, regional and local sales activities. (Ellwood Beach Ex., p. 3). Ms. Hall will have the other 50% of the voting power, (see Finding 92 *supra*.) even though she only owns a 9% equity.

99. Ms. Hall was born in 1961, in Alta Dena, California, and presently lives in Northridge, California. But she will move to Santa Barbara if Ellwood Beach's application is granted. She has broadcast experience. From February 1983 to September 1984, she was an assistant to the controller at KJOI-FM. Upon leaving KJOI-FM, she was an Account Executive at KNJO-FM until November 1985. From November 1985 until April 1986, she was an Account Executive for Storer Cable. Ms. Hall is presently an Account Executive for West Valley Cablevision. She will terminate her employment if Ellwood Beach is granted. Ms. Hall claims female enhancement.

100. However, Ellwood Beach's opponents have successfully demonstrated that the limited partnership structure is flawed, and that, at most, Ellwood Beach is entitled to only 20% quantitative integration.[24]

101. The Ellwood Beach Limited Partnership is the creation of 40% limited partner, Ray Stanfield. As the partnership name suggests, Ellwood Beach was originally formed to apply for a new FM station at Ellwood Beach, California. When the Commission returned the Ellwood Beach application because of a technical error, they filed for the FM frequency assigned to Montecito.

102. Ray Stanfield, a media broker and 50% owner of Chapman and Associates, a nationwide media broker,[25] has an extensive broadcast background. He was General Manager of KGBS, Los Angeles for four years, of WRNG, Atlanta for one and a half years, of KMBC, Kansas City, for one and half years, and of WIST, Charlotte, North Carolina for five years. He was also General Sales Manager of KLEC/KMET, Los Angeles, for two years. (Tr. 811-815).

103. Stanfield first discussed the possibility of filing for several Docket 80-90 stations with Lewis Cohen, who has been his communications counsel for 15-plus years[26] (Tr. 815, 818-822). Even before he talked to Cohen, Stanfield had decided to use the limited partner ownership structure. At the time he and Cohen discussed the possibility of filing for the Ellwood City Channel, Stanfield had not spoken to Cherie Welty about the application. (Tr. 822).

104. After they discussed the 80-90 possibilities, Stanfield asked Cohen to draft a limited partnership agreement. This draft "more or less" became Ellwood Beach's limited partnership agreement. Stanfield then sent a copy of that draft to his business partners, E. L. Cartwright (*See* Footnote 24 *supra*.). He did this before he met with his future general partners concerning the Ellwood Beach application (Tr. 826-287). Stanfield proposed, and he and Cartwright agreed that they would each be a limited partner with a 40% equity interest, while he left it up to the then prospective general partners to decide how to split the remaining 20% among themselves. (Tr. 836).

105. Next, Stanfield contacted Cherie Welty[27] and his stepdaughter, Dana Hall, and set up a meeting at his house for July 3, 1985. He had approached Ms. Hall about radio opportunities in the Santa Barbara market about a month before that meeting. Stanfield, Welty, Hall and Lewis Cohen attended that meeting. (Tr. 665, 755). There Welty and Hall met for the first time.[28]

106. At the July 3rd meeting, Cohen presented the limited partnership agreement to Welty and Hall. (Tr. 725, 759). Although a 10% - 10% split of their equity was discussed, it was Cohen who suggested that Welty be given 11% and Hall 9%. In fact, Ms. Welty understood that Cohen was representing the limited partners and that he offered her an 11% equity interest on their behalf. (Tr. 668). The limited partnership agreement that was presented to Welty and Hall was the one that Lewis Cohen drafted, and incorporated the changes that Stanfield and E. L. Cartwright had made. (Tr. 666, 719, 780, 827-828, 833).

107. The Ellwood Beach partnership agreement provides that the partnership can be dissolved at any time by "the affirmative vote of both the General Partners and Limited Partners holding in the aggregate 51% of the ownership interest of the Partnership." Since the limited partners hold an aggregate of 80%, they have the right to dissolve the partnership at any time. This effectively gives them the right to seize control of the partnership assets at any time. At dissolution, the limited partners would have an 80% interest in the assets, including the license, and therefore would control those assets.[29]

108. Based on the foregoing (Findings 100-106 *supra*.), it's clear that we have a limited partnership created and nurtured by the 80% limited partners, and a limited partnership whose destiny, by the very terms of the partnership agreement itself (Finding 107 *supra*.), lies in their hands.

109. On this point, note also what the executed limited partnership does *not* do: (1) it *doesn't* prohibit the limited partners from acting as an employee, limited contractor, or agent of the limited partnership in the company's media activities;[30] (2) it *doesn't* prohibit the limited partners from communicating with the general partners on any matter pertaining to day-to-day activities; (3) it *doesn't* prohibit limited partners from performing any services for the partnership other than lending money or acting as surety for the partnership; and (4) it *doesn't* prohibit the limited partners from becoming, in any manner actively involved in any manner, actively involved in the management or operation of the business of the partnership. *See* Ellwood Beach Ex. 1; and James Evans Proposed Finding 53.[31]

110. Finally, it must be found that all of Ellwood Beach's expenses have been paid by the two limited partners on a *pro rata* basis, and neither Ms. Welty nor Ms. Hall are required, under the partnership agreement to pay anything. (Ellwood Beach Ex. 1; Tr. 678-680).

111. In summary, the Ellwood Beach limited partnership is a creation of the two limited partners who hold 80% of its equity; it is the limited partners who have

nurtured the partnership financially; the limited partnership agreement was drafted by their agent, Lewis Cohen, and changed and/or corrected by them; that agreement places ultimate control of the partnership's destiny in their hands, and fails to properly insulate the limited partners from being active participants in the limited partnership. Since Ellwood Beach does not propose to integrate these two 80% limited partners, their quantitative integration credit will be limited to the 20% ownership interest held by Welty and Hall.

112. *Spirit Broadcasting, a California Limited Partnership* Spirit claims 100% quantitative integration. They do so on the strength of their General Partner's, Michael Durden's, full-time participation in the day-to-day activities of the proposed FM operation. For the purpose of this analysis, Durden will be considered as owning 72% of Spirit. But see Findings 66-67 *supra*.

113. Michael Durden will be employed a minimum of 40 hours per week as Spirit's General Manager. As such, he will supervise the overall operations of the station and its staff. This will embrace all programming, sales, promotional and administrative activities.

114. Michael Durden was born in Los Angeles, on May 4, 1959. He currently lives in Los Angeles. After graduating from high school, he attended UCLA. He graduated from UCLA in June 1983 with a BA in Sociology. From 1983 to 1985 he was employed in professional football.

115. Mr. Durden retired from football in January 1985, returned to Los Angeles, and in March, 1985, joined a salaried intern program at Stations KGIL/KGIL(FM), San Fernando, California. There he made sales calls, wrote commercials, and promotional spots, and conducted post-ad surveys. This was a non-supervisory position. The intern program terminated in December 1985.

116. From December 1985 - August 1986, he sold advertising space for *LA Parent Magazine*. In August 1986, he became a sales representative for a radio paging service, Radio Relay/Answer Page; and nine months later he was promoted to District Sales Manager, and placed in charge of sales for Los Angeles and the surrounding area.

117. Since Durden has never lived in Santa Barbara or Montecito, he can claim no credit for civic activities there. (Tr. 839). Moreover, he has never committed to move to Montecito or anywhere in the proposed service and reside there if Spirit's application were granted. Durden does, however, claim quantitative enhancement for being a Black male.

118. However, Spirit's claim for 100% will be rejected. Their opponents have demonstrated that Spirit's ownership structure was fatally flawed. Although the partnership agreement was purportedly amended on January 2, 1986, to reflect the 72/14/14% division of equity, the record shows it wasn't executed on that date (see Finding 67 *supra*.).[32] So there clearly was no ownership structure in place when Spirit represented to the Commission, its opponents, and the public that there was. No *bona fide* limited partnership existed on January 2, 1986.

119. Moreover, *assuming* that a timely partnership agreement had been executed, it wouldn't have done any good. Neither Michael Durden (the General Partner) nor Jimmy Turner and Martin Moss (the two limited partners) have ever paid the least bit of attention to it. For instance, the partnership agreement provided that each partner was to make a capital contribution when the agreement was executed. They didn't. Instead, as Durden puts it, "we [orally] agreed between ourselves to put up the money as we needed it." (Tr. 857-858).

120. Spirit has never had, and does not now have a bank account. Durden makes capital calls informally by telephone or written notes. If the limited partners provide him with any money, he co-mingles it in his personal bank account. Moreover, Spirit's two limited partners don't always respond to Durden's capital calls. About a month before the hearing, he called on each limited partner to contribute $1,000. Neither responded. So Durden had to pay his own way to Washington, D.C. for the hearing in this case. (Tr. 853.860-861).

121. Michael Durden certified, when Spirit filed their application, that " . . . sufficient net liquid assets are on hand or available from committed sources to construct and operate the requested facilities for three months without revenue." He further represented " . . . that a reasonable assurance exists that all such [financial] sources have sufficient net liquid assets to meet these commitments . . ."

122. When he made those representations he was relying solely on the *oral* assurances of his limited partners that " . . . they were good for it;"[33] i.e., that they could each come up with the $15.000 capital contribution required by Section 5.33 of Spirit's limited partnership agreement . (Tr. 861-866, 895-896). However, Durden doesn't know anything about Turner's and Moss' salaries, their liabilities, or their financial obligations. (Tr. 903-904).

123. Further, Durden can't remember ever ascertaining how much money it would take to construct and operate the station three months without revenues (Tr. 866). The partnership hasn't had and doesn't have an accountant, and didn't prepare or file tax returns for 1986 and 1987 (Tr. 866). Section 7.1 of the partnership agreement says an income statement must be prepared. No such statement has been prepared. (Tr. 868). Nor does Durden know whether a capital account has been prepared for each partner under Section 7.2 of the agreement. (Tr. 868).

124. From the foregoing (Findings 118-123 *supra*.), it's clear that Spirit's application is a "sham." None of the three principals have shown that they had a valid and concrete legal right in a choate entity either at the time Spirit's application was filed or at the appropriate cut-off date. Moreover, all three have ignored the limited partnership agreement they finally did execute.[34] The limited partnership agreement has proven to be a meaningless document that provides no assurance that a viable ownership structure exists. Durden has co-mingled all capital contributions with his personal bank account. When he certified that Spirit's application was financially qualified, Michael Durden did not have a single corroborating financial document in his possession. He was relying solely on Turner's and Moss' *oral* assurances that they were good for it. So, the finding must be made that when Spirit filed its application on January 2, 1986, they had neither a viable ownership structure, nor a viable financial structure in place. So, instead of the 100% quantitative integration credit they claim, Spirit will be awarded 0%.

125. *James Evans*. James Evans, the sole proprietor of BPH-851231MR, claims 100% quantitative integration. He claims that he will be the General Manger of the proposed station. He says he will work at least 40 hours a

week and be responsible for all areas of the station's operation including programming, sales, engineering, and administrative . (Evans Ex. 1, p. 1).

126. However, Evans has attached a time *caveat* to his 40-hour commitment. He says that once the station starts making a profit, he'll hire people to manage the station and only come to the station once in awhile. On this point Evans says that if on the second anniversary of his proposed Montecito operation. (Tr. 1098-1099):

> " . . . [i]t would be just absolutely wonderful if the station was in the black and was just making all kinds of money and I was able to find people that could work there and I could just go in and be on the air every once in awhile or do what ever I liked to do, that would be a dream come true."

127. That is exactly Evans' *modus operandi* with the existing businesses he owns. Evans presently owns a number of businesses. They include a site leasing company, and 50% of businesses involved in land mobile radio, paging, and specialized mobile radio (SMR). He spends less that 10 hours per week monitoring the affairs of these various businesses (Evans Ex. 1, p. 2). Mr. Evans' typical work day consists of making some telephone calls at home, perhaps taking a tennis class, arriving at the office about 5:00 p.m., looking at messages and his mail, going to the post office and returning home. Tr. 1080. He currently spends an average of 30 hours looking for new SMR investments. (Tr. 1080). He wouldn't devote 30 hours a week to this activity if his application is granted, but he didn't say how many hours he would continue to devote to it. (Tr. 1115).

128. Instead of the 100% he claims (Finding 125 *supra*.), James Evans will be awarded 0% quantitative integration. His integration proposal lacks the permanence the Commission seeks in its permittees. *See 1965 Policy Statement*, 1 FCC 2d at 395, n. 6; *Cuban American Ltd.*, 2 FCC Rcd 3264, 3268, 63 RR 2d 1118 (Rev.Bd. 1987; *Signal Ministries, Inc.* 104 F. 2d 1481, 1497, 60 RR 2d 1700, n. 16 (Rev. Bd. 1986), *review denied*, 2 FCC 2d 1259 (1987); and *Martin Intermart, Inc.*, 3 FCC Rcd 1652, 64 RR 2d 1125 at 1128 (Rev. Bd. 1988).

129. James Evans, a white non-Hispanic male, was born on November 8, 1952. He has resided in Santa Barbara, a community wholly encompassed by the primary signal of the proposed station, since 1976.

130. Mr. Evans is a graduate of UCLA. He received an engineering degree in 1975. Even before he graduated he acquired an FCC First Class Radio Telephone Operator's license, and has periodically renewed it. While attending UCLA, Evans worked at the UCLA Media Center. There he set up, operated, and maintained television equipment.

131. In January 1976, Evans moved to Santa Barbara, and became a full-time operating engineer at KEYT-TV, Santa Barbara. He worked there until August, 1984. His duties included film editing, camera work, tape editing, video tape operator, technical director, and audio booth work. During his off hours at KEYT-TV, Evans also participated in the construction of Stations KGFT(FM) and KMGQ(FM). Both of those stations operate in the Montecito/Santa Barbara area.

132. Since coming to Santa Barbara, Evans has been civically active. Since 1982, he has been on the UCLA Alumni Scholarship Selection Committee. There he interviews and advises students who contemplate attending UCLA; he serves a liaison between UCLA and the local high schools; and he participates in award assemblies.

133. Evans has been a member of the Santa Barbara Jaycees since September, 1983. As a Jaycee he has been an active volunteer in the Zoo-B-Q (983-1985), Chili Cook-Off (1986), Eastern Relays (1984), Community Fair (1984-1985), Junior Miss Pageant (1984), and Fiesta Taquito Booth (1984-1985). He also arranged for one of his companies to donate two-way radio equipment for the annual Jaycee's Community Fair. He joined the Santa Barbara Chamber of Commerce in 1985.

134. *Claudia Bratton*. Claudia Bratton, as sole proprietor of BPH-860102MX, claims 100% quantitative integration. She will devote at least 40 hours a week to being General Manager of the proposed station. In that capacity she will have the ultimate decision making authority over all the station's operations. She solely will control the station's financial affairs, and hire, and fire station personnel. All staff members will report to her (Bratton Ex. 2, p. 1). She will terminate her present employment activities to meet this commitment (Bratton Ex. 2).

135. Claudia Bratton was born in Richmond, Virginia on January 24, 1944. She has resided within her station's proposed 1 mV/m contour from 1971 through September 1976, and from April 1982 through the present time.

136. Ms. Bratton has substantial broadcast experience. She first worked as an account executive with KRUZ-FM, Santa Barbara, California. There she worked with local and regional advertising accounts, and set up regional co-op advertising plans. She also wrote and prepared advertising copy for various accounts. (Bratton Ex. 2, p. 3).

137. In 1981 she joined KBLS(AM), Santa Barbara, as an Account Executive. Six months later she was promoted to Sales Supervisor. There she prepared media kits, and sales materials, and trained co-op advertising coordinators for both the AM and the co-owned FM station. Three months later she becames Sales Manager, and three months after that she became the General Manager of both the AM and FM stations. As General Manager, she oversaw the entire operation, including staffing, sales, promotions, budgets, national and local sales, and collections.

138. When the FM station, KTYD(FM) was sold, she oversaw the sale and made the arrangements for the new owners to take over. Ms. Bratton then designed new facilities for the AM station and moved the AM station into those facilities. Later, in 1984, she oversaw the sale of KBLS(AM).

139. In 1984 through 1985, she was General Sales Manager of KTMS(AM)/KKOO(FM) Santa Barbara. In 1986 she formed and operated her own advertising agency, Claudia Bratton and Company, and also handled syndication and sales for Sunset Magazine's Radio Food Show. Since August, 1987, and presently, and as an independent contractor, she serves as Marketing Director/Radio for Higher Octave Music. As previously noted (Finding 134 *supra*.), she will terminate all present employment to meet her integration employment. She anticipates no problem terminating Claudia Bratton and Company since that firm is down to just one client.

140. In addition to her radio experience (Findings 136-139 *supra*.), Ms. Bratton has had other broadcast related experience. From 1964 to 1969, she worked for Film Fair, a film company. There she worked in all facets of television commercial production, including live action

and animation. She also handled public relations, and supervised the production room staff. Also, in 1981, Ms. Bratton worked for Chambers and Associates, a television commercial production company. She worked in the accounting end of the business.

141. Since she moved to the Santa Barbara area in 1971, Claudia Bratton has been civically active. In 1972-1973, she was a volunteer at El Montecito Nursery School; in 1973, she helped organize, and worked at the Montecito Union School Carnival; in 1982, she designed a T-shirt for, donated all the profits from their sales to, and helped with the media for the Santa Barbara Summer Solstice Celebration.

142. As a member of Soroptomist in 1984-1985, she was involved with various fund raising projects; in 1984, Ms. Bratton designed mailer, invitations, programs, posters, and fund raiser aprons for the American Institute of Wine and Food; she helped organize and worked at the Cold Spring School Carnival in 1985; in 1986-1987, she organized all the advertising for the Cold Spring School Directory, and raised funds for the Cold Spring Foundation; she also worked as a telethon caller for that Foundation in 1986; and in 1986-87, she helped out at the Cold Spring Run-a-Fair.

143. In 1986, she organized ticket giveaways to charitable organizations for concerts on behalf of the Santa Barbara County Bowl, and in 1987, she became a founding member of the Montecito Bike Path Committee. (Bratton Ex. 2, pp. 5-6, and Tr. 1195).

144. While she was at KBLS(AM) and KTYD(FM) (see /Findings 137-138 *supra.*), in 1983, she became a founding member of the Santa Barbara Radio Broadcasters. She held the positions of Secretary and Treasurer through 1985. In 1984, she was a member of the National Association of Broadcasters, and a member of its legislative liaison committee. She has also been a member of the California Association of Broadcasters and the Southern California Radio Broadcasters Association (SCRBA). On behalf of SCRBA, and in 1983-1984, she organized "radio active" seminars for Santa Barbara market advertisers, and special radio seminars for area radio station sales personnel. Claudia Bratton claims female enhencement.

145. Two of Bratton's five remaining opponents,[35] Ellwood Beach and James Evans have attacked Bratton's integration proposal. They argue that she cannot effectuate that proposal. Evans even goes so far, without the benefit or a basic qualifying issue, to assert that Bratton isn't financially qualified.

146. These attacks are rejected. There is insufficient record evidence to support them. As Bratton cogently points out in her Reply Findings, the attacks are based on "grossly distorted" findings, and "semantic games." The record amply supports a finding that Claudia Bratton will terminate her present employment, and thus can and will effectuate her integration proposal. *See* Bratton's Reply Findings 2-9, and Findings 134-144 *supra*. She will therefore be credited with 100% quantitative integration.

147. *Integration Intermediate Findings*. Based on Findings 78-146 *supra*., certain intermediate findings are warranted. Assuming[36] *Shawn Phalen* were basically qualified, she would be entitled to 0% quantitative integration, as would *Patricia Jacobsen (Peacock)*, *Spirit*, and *James Evans*. *See* Findings 78-81 *supra*.; Findings 85-88 *supra*. *Ellwood Beach* is only entitled to 20% quantitative integration credit.[37] *See* Findings 91, and 100-111 *supra*. So the only applicant that made her integration claim stand up was *Claudia Bratton*. She is entitled to and has been given 100% quantitative integration.

Auxiliary Power

148. All six applicants propose to use auxiliary power generators at their proposed stations. Phalen Ex. 1, p. 2; Peacock Ex. 4; Ellwood Beach Ex. 2, p. 3 and ex. 3, p. 3; Spirit Ex. 3; Evans Ex. 1, p. 3; and Bratton Ex. 3.

Ultimate Findings of Fact and Preliminary Conclusions of Law

1. Six applicants remain in the race for Channel 225A (92.9 kHz), Montecito, California: (1) Shawn Phalen (Phalen); (2) Patricia Josephine Jacobsen d/b/a Peacock Broadcasting (Jacobsen); (3) Ellwood Beach Broadcasting, Ltd. (Ellwood Beach); (4) Spirit Broadcasting, a California Limited Partnership (Spirit); (5) James Evans (Evans); and (6) Claudia Bratton (Bratton).

2. The parties adduced evidence on six factual issues. Five of those issues were basic qualifying issues added against Shawn Phalen. The sixth was the standard comparative issue.

Shawn Phalen's Basic Qualifying Issues

3. Before we turn to the standard comparative issue (Issue I-1), we must first consider the basic qualifying issues against Shawn Phalen (Issues II-1 through II-5). For it is axiomatic that only basic qualified applicants are entitled to a comparative analysis. *See* e.g. *Louis Adelman*, 29 FCC 1223, 18 RR 1062 (1960) *affirmed sub. nom. Guinan* v. *Federal Communications Commission*, 297 F. 2d 782, 22 RR 2026 (1961).

4. Shawn Phalen fails to qualify under any of the five issues that have been added against her. She failed to timely amend her application to reflect that her father, Rick Phalen, had acquired KQKS(FM), Longmont, California. Moreover, the record evidence fully justified the ultimate finding and preliminary conclusion that she deliberately tried to conceal her father's acquisition from her opponents, from the Commission, and from the public. *See* Findings 5-12 *supra*. Her feeble attempts to place the blame for not amending on her counsel are summarily rejected. *See RKO General Inc. (WAXY-FM)*, FCC 89R-34 released June 6, 1989, at paras. 47-48. So Issues II-1 and II-2 are resolved adversely to Shawn Phalen, and lead to the conclusion that she is not of fit character to be a Commission licensee.

5. Similarly, Issue II-3, the undisclosed party-in-interest issue must also be resolved against Shawn Phalen. *See* Findings 13-46 *supra*. Her father, Rick Phalen, is unquestionably a real-party-in-interest in Shawn's application. More than that. The record evidence points to the conclusion that BPH-851231MO is actually Rick Phalen's application, not Shawn's. This is a classic example of a white non-Hispanic, male applicant using his daughter as a "front" in order to obtain a comparative female enhancement and avoid a comparative diversification demerit.[38] Again, the misconduct here independently leads to the conclusion that Shawn Phalen is unfit to be a Commission licensee.

6. Similarly, Issue II-4, the false financial certification issue must be resolved against Shawn Phalen. *See* Findings 47-57 *supra*. At the time she represented " . . . that sufficient net liquid assets are on hand or are available from committed sources to construct and operate the requested facilities for three months without revenue," and " . . . that a reasonable assurance exists that all such [financial] sources have sufficient net liquid assets to meet those commitments," Shawn Phalen knew she had to have documents in her possession that could verify those representations.

7. She knew because, just the previous month, her attorney, David Tillotson, had told her that she needed them. *See* Finding 47 *supra*. Yet she never bothered to obtain such documents. Instead, and in the face of Tillotson's sound advice, she entered into an *oral* agreement with her father whereby her father would furnish the funds for the Montecito undertaking. In fact, it wasn't until two years later, and over a month after this case was designated for hearing, that something resembling a written financial commitment was prepared.

8. Moreover, at the time she represented that her financial source (her father) had sufficient net liquid assets to meet her financial commitments, she had never seen his financial statement or balance sheet. So, despite Tillotson's admonition, Shawn Phalen (and her father) deliberately decided to proceed on the basis of *oral* conversations. Thus she ignored the requirement that " . . . where individuals are providing funds, they must also support their undertakings with balance sheet or financial statements . . . " *See Las Americas Communications, Inc.*, 1 FCC Rcd 786, 61 RR 2d 1008 (Rev. Bd. 1986).

9. Thus, we have a situation where an applicant deliberately ignored her attorney's advice. She made detailed written representations to the Commission about her financial position that she knew she could not back up. Such an insensitive approach to the Commission's standards is not conduct befitting a prospective Commission permittee. Such disregard leads to yet another independent conclusion that Shawn Phalen lacks the proper character to be an FM licensee.

10. Similarly, Issue II-5, the financial qualification issue must be resolved against Shawn Phalen. *See* Findings 58-61 *supra*. The record evidence shows that Shawn Phalen is not financially qualified unless the Presiding Officer is willing to credit her father's *oral* agreement to lend her up to $1.5 million dollars. The Presiding Officer cannot and will not do so. It would fly in the face of Commission precedent. *See Las Americas Communications, Inc. supra.*, at paragraph 11. The proper standard of proof for financial qualifications is documentary evidence. Oral promises aren't good enough. So it's concluded that Shawn Phalen hasn't shown reasonable assurance that she has the funds to construct and operate her proposal for three months without revenue. She is not financially qualified and under Issue II-5 her application must be denied.

Issue I-1: The Standard Comparative Issue

11. With the elimination of Shawn Phalen,[39] five applicants remain for comparative consideration: (1) Jacobsen; (2) Ellwood Beach; (3) Spirit; (4) James Evans; and (5) Claudia Bratton. These five will be analyzed under the criteria set out in the Commission's *1965 Policy Statement on Comparative Broadcast Hearings*, 1 FCC 2d 393, 25 modified by subsequent Review Board and Commission decisions.

12. We will direct our analysis toward two primary objectives: (1) selecting the applicant that will offer the greatest diffusion of control of mass communications media; and (2) selecting the applicant that will offer the best practicable service to the public.

13. *Diversification of Mass Media*. Turning to the first primary objective, we see that four of the remaining five applicants will offer a diffusion of control of mass communications media. Ellwood Beach, Spirit, Evans, and Bratton haven't been assessed any diversification demerit at all. So they are entitled to a significant diversification advantage over the fifth applicant, Patricia Jacobsen. Jacobsen owns KJDJ(AM), San Luis Obispo, California. San Luis Obispo is only 81 miles from Montecito.[40]

14. *Best Practicable Service*. In deciding which of the remaining five applicants will offer the best practicable source to the public, we may need to consider as many as four criterion: (1) whether any applicant or applicants should be preferred because of a superior areas and populations proposal (comparative coverage); (2) the degree each will integrate their ownership into the day-to-day management of the station (Quantitative Integration); (3) the qualities each integrated owner will bring to that day-to-day management (Qualitative Integration); and (4) whether the degree of quantitative and qualitative integration each will bring is enhanced by minority and/or female ownership. Criterion 3 includes such factors as local residence, participation in civic affairs within the proposed service area, past education and business experience, past broadcast experience, and auxiliary power.

15. *Comparative Coverage*. None of the applicants are entitled to a comparative advantage because of a superior areas and populations proposal. *See* Finding 77 *supra*.

16. *Quantitative Integration*. Patricia Jacobsen, Spirit, and James Evans have all failed to sustain their claims to 100% integration, and the record and the Commission precedent warrants awarding them 0% quantitative integration. Ellwood Beach doesn't fare much better, and is entitled to only 20% quantitative integration. Only Claudia Bratton has made her 100% quantitative integration claim stand up. *See* Findings 66-67, 85, 86, 91, 100- 111, 112, 118-124, 125-128, 134, 145-147.

Ultimate Conclusions

17. Under Issue I-2, we must determine which of the applications should be granted, if any. It's no contest. Claudia Bratton's application is by far superior to the four remaining basically qualified applicants. She's clear from a diversification standpoint, and is entitled to 100% quantitative integration. This puts Claudia Bratton decisively ahead of Ellwood Beach who is only entitled to 20% quantitative integration.

18. Thus, we need not evaluate criteria 3 and 4; i.e., qualitative integration, and female and/or minority enhancements. *See New Continental Broadcasting Co.*, 88 FCC 2d 830, 50 RR 2d 1117 (1981); *Van Buren Community Service*, 87 FCC 2d 1018, 50 RR 2d 115 (1981); and *Cannon Point Broadcasting Co.*, 93 FCC 2d 643 (R. Bd. 1983) at 649.[41] So Claudia Bratton is declared the winner.

19. Even though criteria 3 and 4 needn't be considered, that doesn't mean that our winner, Claudia Bratton is deficient under those standards. Indeed, she is strong under both criteria. She is a long-time local resident with a healthy record of civic participation, and broadcast experience, and is entitled to female enhancement. *See* Findings 135-144 *supra*.

SO, unless an appeal is taken from this Initial Decision or the Commission reviews it on its own motion, Claudia Bratton's application (BPH-860102MS) IS GRANTED; and

The Application of Shawn Phalen (BPH-851231MO); Patricia Josephine Jacobsen (BPH-851231MP); Ellwood Beach Broadcasting, Ltd., (BPH-851231MS); Spirit Broadcasting (BPH-860102MA); and James Evans (BPH-860102MX) ARE DENIED.[42]

FEDERAL COMMUNICATIONS COMMISSION

Walter C. Miller
Administrative Law Judge

FOOTNOTES

[1] For organizational purposes the basic qualifying issues have been set out before the standard comparative issue and the ultimate conclusionary issue (Issue I-2).

[2] See 2 FCC Rcd 6072, released October 8, 1987; 53 F.R. 6199 published March 1, 1988; and FCC 88M-358, released February 11, 1988.

[3] The second prehearing order is FCC 88M-572, released March 1, 1988.

[4] It subsequently developed that on April 27, 1985, Shawn Phalen was involved in an automobile accident, was on medication, and was sedated, at the time Dawson was retained.

[5] On May 22, 1985, James Stucko wrote Shawn Phalen. He said, "I spoke with your father earlier today and he outlined the terms of the proposed lease arrangement for your FM license." FM Montecito Ex. 6.

[6] Shawn Phalen says that the first person who ever discussed the costs of professional services related to the application was her father in the fall of 1985. He told her he'd lend her the necessary money to pay of these services, but he didn't go into the specific costs. FM Montecito Ex. 22, pp. 35-36.

[7] Until November 12, 1987, no written document regarding this loan was available. This will be discussed *infra*., under Issues II-4 and II-5.

[8] Initially, at her deposition Shawn Phalen said that her mother had only signed her name on checks on three occasions. See FM Montecito Ex. 21, pp. 40-44, and 59-61.

[9] Kravetz even presented the Presiding Officer with an unsigned copy of a memorandum agreement between Spirit and Phalen. Tr. 306.

[10] Unquestionably both Shawn and Rick Phalen have abused the Commission's process. To allow Spirit's counsel to obtain a 30-day continuance under what they knew were false premises is the epitomy of such an abuse. The Presiding Officer recommends that before the Commission renews the license of KQKS, Longmont, Colorado, it should seriously consider his behavior in this case. *See* Tr. 312, lines 17-20.

[11] Shawn Phalen has already spent at least $65,000 (prior to the filing of Proposed Findings of Fact) prosecuting the application. *See* Tr. 539.

[12] Rick Phalen asserts that Tillotson later told him that a written financial agreement between he and Shawn wasn't necessary, and that was the reason one was never prepared. (Tr. 387). However, Tillotson's letter (Finding 47 *supra*.), is being credited.

[13] Three days after Shawn Phalen's opponents had notified her for deposition.

[14] But *see* Footnote 11 *supra*.

[15] *See* Finding 19 *supra*.

[16] That estimate may be low. *See* Footnote 11 *supra*.

[17] As previously noted in Footnote 11 *supra*., Shawn Phalen (via her parents) has already spent $65,000 prosecuting the application expenses with a lot more coming up.

[18] The father of Spirit's general partner, Michael Durden, has applied for a new FM station in San Diego, California, and is a partner in the permittee of KPBL(AM), Commerce City, Colorado (Tr. 888). Michael Durden himself has applied for new FM station in Mecca, California.

[19] Even if we were to *assume* that Phalen's claim was entitled to consideration, the most - the very most - quantitative integration she would be entitled, would be 85%. She has committed herself to giving Joe Baliss a 15% ownership interest.

[20] But see Tr. 637 where she states she still devotes 40 hours a week to KJDJ(AM).

[21] Patricia Jacobsen was advised early on that a "primary" - "secondary" distinction between integration proposals was less than satisfactory. *See* FCC 87M-3207, released December 9, 1987.

[22] Ms. Jacobsen also owns a European skin-care salon and retail cosmetic center in Lodi. But she claims that doesn't take up much of her time (Tr. 654-655).

[23] The Presiding Officer had an opportunity to not only study Ms. Jacobsen's direct testimony, but to observe her demeanor as well (Tr. 635-659). He was left with the feeling that Ms. Jacobsen will promise anything that will get her a grant, even though she may have no real intention of carrying out those promises. For example, she was granted her San Lius Obispo (AM) license in 1981, but she didn't commence operations until February 8, 1988 (Tr. 636). That seven-year lapse was hardly in the public interest.

[24] That is Cherie Wsupra.

[25] Before his death E. L. Cartwright also owned 33% of Chapman and Associates (Tr. 811-812, and Finding 65 *supra*.).

[26] In addition to his Montecito application Stanfield is also a limited partner in FM applications for Fresno and Salinas, California. Lewis Cohen also represents him in those business ventures (Tr. 818-819). In fact, Cohen found Stanfield a General Partner for the Salinas application.

[27] Stanfield had first met Ms. Welty in 1981 when he was serving as a broker for the sale of KIST, Santa Barbara. Ms. Welty worked for KIST at the time. *See* Finding 95 *supra*.

[28] E. L. Cartwright did not attend the July 3rd meeting. Ms. Welty never did meet him, and she didn't meet E. L. Cartwright's widow until January 3, 1988, after the application was filed. (Tr. 665, 700, 739, and 742).

[29] *See* Spirit Proposed Finding 22, and Spirit Footnote 8.

[30] By an *undated* amendment, Ellwood Beach tried to cure this defect. But they have failed to show that they cured the defect before the final date for comparative upgrading.

[31] Conversely, and as previously noted (Finding 101 *supra.*), the limited partnership was formed for the express purpose of filing for "Ellwood Beach." And although the partnership agreement has purportedly been amended three times, that remains the purpose of the agreement, and it is that application, not the Montecito application, that the limited partners are obligated to fund. (Tr. 688-691).

[32] We're not certain when the Spirit Limited Partnership agreement was executed. At his deposition Michael Durden indicated that although he couldn't recall exactly when he signed the agreement, it was sometime after February 13, 1986. At the hearing he changed his testimony, and said he had signed the agreement on February 13, 1986. (Tr. 843-844). In any event, it was executed well after Spirit's January 2, 1986 representation in its application.

[33] It's passing strange that neither Turner nor Moss " . . . were good for it" when Michael Durden made a capital call about a month before the hearing started. See Finding 120 *supra.*

[34] The partners: (a) didn't sign their agreement until after the application was filed; (b) ignored the requirement of written capital calls and didn't meet capital calls in any form; (c) have no bank account; (d) didn't timely make their initial capital call; (e) didn't file tax returns; (f) didn't maintain capital accounts; and (g) did not keep and issue income statements.

[35] Although they differ in the way the 100% quantitative integration credit should be ultimately evaluated, Phalen, Jacobsen. and Spirit each acknowledge that Claudia Bratton is entitled to 100% quantitative integration. *See Jacobsen* Conclusion 136, Spirit Conclusion 176, and Phalen Conclusion 178.

[36] But see Findings 5-61 *supra.*, where Phalen was disqualified on 5 different grounds.

[37] The Presiding Officer has awarded Ellwood Beach 20% quantitative integration credit. He did so because their witnesses were all candid and forthright. They didn't try to hide the fact that they had an ersatz limited partnership. In fact the agreement itself makes that clear. But he is aware that an argument can be made that Ellwood Beach, like the others, should receive 0%.

[38] As previously noted (see Footnote 10 *supra.*), the Presiding Officer has recommended that Rick Phalen's next renewal application for KQKS, Longmont, be set for hearing. In fact, the abuse here is so egregious that the Commission might require Rick Phalen to file an early renewal application in a manner akin to the procedure set out in *Herbert P. Michels (WAUB),* 17 RR 557 (1958).

[39] Note that comparative findings have been made on Shawn Phalen's application. See Findings 62, 70, 76, 78-83, 147, and 148 *supra.* It's only comparative conclusions that aren't needed. So if an appellate body disagrees with Shawn Phalen's disqualification, no remand will be required. Stated another way, findings of fact have been made on *all* issues, and conclusions of law have been made on *all material* issues. *See WFPG, Inc.*, 33 FCC 673 (1962) at para. 13; *Alkimo Broadcasting, Co.*,30 FCC 932, 21 RR 732 (1961) at Footnote 2; *Sayger Broadcasting Co.,* 32 FCC 496, 22 RR 1059 (1962) at Footnote 7; 47 CFR 1.267(b); and 5 USC 557(c)(A).

[40] Although this significant demerit effectively eliminates Jacobsen from further consideration, she will be considered under the best practicable service analysis *infra.*

[41] Note, however, that comparative findings have been made on all four best practicable service criterion. *See* Findings 77-147 supr a. It's only further comparative conclusions that aren't required.

[42] If exceptions aren't filed within 30 days, or the Commission doesn't review the case on its own motion, this Initial Decision will become effective 50 days after its public release. See 47 CFR 1.276(d).

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 88-211

In re Applications of

J. T. PARKER BROADCASTING CORP. File No. BPH-861001TB

YEARY BROADCASTING, INC. File No. BPH-861001TC

For a Construction Permit for a New FM Station on Channel 197A in Lebanon, Virginia

Appearances

Julian P. Freret and *Christopher D. Imlay*, on behalf of J. T. Parker Broadcasting Corp.; *John R. Wilner* and *Rosemary T. Rakas*, on behalf of Yeary Broadasting, Inc.; and *Norman Goldstein*, on behalf of the Chief, Mass Media Bureau.

INITIAL DECISION OF ADMINISTRATIVE LAW JUDGE JOSEPH CHACHKIN

Issued: July 18, 1989; Released: July 25, 1989

PRELIMINARY STATEMENT

1. This proceeding involves the mutually-exclusive applications of J. T. Parker Broadcasting Corp. (Parker) and Yeary Broadcasting, Inc. (YBI) for a new FM station to operate on Channel 297A at Lebanon, Virginia. By *Hearing Designation Order*, 3 FCC Rcd. 2733 (1988) (*HDO*), the applications of Parker and Yeary[1] were designated for hearing upon the following issues:

> 1. To determine which of the proposals would, on a comparative basis, best serve the public interest.
>
> 2. To determine in light of the evidence adduced pursuant to the foregoing issue, which of the applications should be granted, if any.

The *HDO* directed that the areas and populations which would receive FM service of 1 mV/m or greater intensity, together with the availability of other primary aural services in such areas, be considered under the standard comparative issue.

2. Prehearing conferences in the proceeding were held on July 14, 1988 and December 6, 1988. The hearing session was held on December 12, 1988, and the record was closed on that same date. Proposed findings of fact and conclusions of law were filed February 13, 1989; replies were filed February 27, 1989.

FINDINGS OF FACT

J. T. Parker Broadcasting Corp.

3. J. T. Parker Broadcasting Corp. (Parker) is a corporation incorporated under the laws of the Commonwealth of Virginia. Parker has 100 shares of stock issued and outstanding. J. T. Parker, Jr. is the President, a director and a 60% voting shareholder in Parker. William Mitchell Sandidge is Vice President, a director and a 20% voting shareholder. Phil L. Roberts owns the remaining 20% of Parker's outstanding stock. His brother, Don Roberts, is a director of Parker and has power of attorney to vote the 20% interest held by Phil L. Roberts (Parker Ex. 1, p. 1; Tr. 68). There are plans to change Parker's ownership structure in the future through the issuance of additional shares to Sandidge and Parker and the possible buy-out of the stock interest held by Phil L. Roberts (Tr. 68-71); Tr. 108-109).

4. J. T. Parker, Jr. has proposed to serve as the FM station's General Manager, devoting a minimum of forty (40) hours per week exclusively to this position (Parker Ex. 2, p. 2). Mr. Parker does not expect to be paid a salary as General Manager, but would instead "take what's left over" in his capacity as an owner (Tr. 76-77). William Mitchell Sandidge has proposed to serve as the full-time Station Manager of Parker's FM station (Parker Ex. 2, 2).

5. *J. T. Parker, Jr.* resides at 438 Highridge Road in Kingsport, Tennessee. He has lived at this address since 1950. The road distance between Parker's home and Lebanon, Virginia is approximately 55-60 miles and the drive takes about one hour each way (Tr. 72).

6. Parker currently owns the J. T. Parker & Son Insurance Agency and he and his wife each have a 50% interest in the East Lawn Funeral Home and Memorial Park in Kingsport, Tennessee (Parker Ex. 2, p. 1; Tr. 73-76). Parker has been in the insurance business since 1950. His agency sells all types of insurance. Parker sells insurance himself, although not as much as he used to. Parker has clients with whom he has a personal relationship and who deal with him personally when they have insurance needs. He usually transacts such business at night. Parker visits the insurance agency daily to review the mail and receives a daily report from the manager of the agency (Tr. 73-74). Parker has been in the funeral business since 1975 and employs 20 to 25 persons. Parker visits the funeral home on a daily basis and receives a daily report from the manager. Parker, on occasion, also talks to the manager at night (Tr. 75-76). Parker also carries a pager with him at all times so that he can be contacted if something goes wrong or if his assistance or advice is required. Parker states he usually does not spend a lot of time overseeing these businesses. However, if the need arises, he spends as much time as necessary in the running of his businesses (Tr. 87).

7. Parker currently has total or controlling ownership interests in other stations and recently sold Station WGOC(AM), Kingsport, Tennessee (Parker Ex. 2, pp. 1-2). He has owned Station WLRV, Lebanon, Virginia since 1974, but has never served as general manager of that station (Tr. 77). Nor, during his 21 years in the broadcasting business, has Parker ever served in a man-

agerial capacity at any of his radio broadcast stations (Tr. 77-81). The manager of Station WLRV reports to Sandidge (Tr. 78). The other station managers report to both Parker and Sandidge (Tr. 79-80). Parker is not employed at any of his stations, and becomes involved only when there are problems to be resolved (Tr. 89-91). In response to the question why he now proposes to assume a station general manager role for the first time, Parker stated that an FM property would require more of his time and involvement than his other stations (Tr. 81).

8. Parker's direct testimony recites his proposed duties as station General Manager. The exhibit states that Parker will establish station policy and participate in its effectuation on a day-to-day basis. He will have primary responsibility for the station's financial management, its compliance with FCC operational requirements, and training of management level personnel, and the station's overall format. He will oversee the activities of the station manager and supervise all business aspects of the station's operations, including marketing, sales, programming, and finances through coordinated efforts with the station manager (Parker Ex. 2, p. 2-3).

9. However, Parker's cross-examination raises questions concerning Parker's actual role at the station. Parker has proposed to employ fewer than five (5) persons on a full-time basis at the FM station (Tr. 84). Parker as General Manager and Sandidge as Station Manager will fill two full-time positions. There will also be a program director (Tr. 83). Parker initially testified that he and Sandidge would function as sales manager, but he subsequently stated that someone else would fill this position (Tr. 83, 96). Parker would divide his time between the FM station and Station WLRV for so long as Parker owned both stations in Lebanon (Tr. 91-92, 98). Parker would not have regular 9 a.m.- 5 p.m. hours at the FM station. Parker anticipates spending longer hours on the days when he is in Lebanon so as to spend a minimum of 40 hours (Tr. 100).

10. With regard to the station's financial management, Parker testified that his role will be to provide all funds necessary to buy equipment (Tr. 92). Sandidge, nor Parker, will have primary responsibility for compliance with FCC operational requirements (Tr. 92). Sandidge will also have primary responsibility for the station's financial affairs, hiring and firing, program format, sales, engineering and community relations (Parker Ex. 3, p. 2; Tr. 111-112). Parker testified that he and Sandidge would work together at the same management level and Parker would seek Sandidge's approval for any actions involving the FM station (Tr. 97-98). Both Parker and Sandidge will engage in training such management-level personnel as the station may employ and will jointly decide the station's program format (Tr. 96-97). Sandidge views his role as the day-to-day manager of station operations functioning in close collaboration with Parker (Tr. 114-117). Sandidge does not currently serve as the full-time manager of any of Parker's stations (Tr. 120). He described his current role as that of a general manager in charge of the stations on a day-to-day basis (Tr. 116, 120). He states that Parker, as 60% owner, makes the final decisions and he consults with Parker when he feels that there is a problem which requires consultation (Tr. 116). He states, with respect to his relationship with Parker at the proposed FM station: "Well, as I stated before, we would get together and discuss the problems of the station. That is what we have always done" (Tr. 119).

11. *William Mitchell Sandidge* is a resident of Bristol, Tennessee (Tr. 109). The distance between Bristol and Lebanon, Virginia is about 30-35 miles (Tr. 113). Sandidge is sole owner of Broadcast Technical Service, a consulting engineering firm (Parker Ex. 3, p. 1; Tr. 109). This firm provides engineering consulting services to AM and FM stations (Tr. 109). Sandidge does not intend to continue to take on independent consulting work if the corporation receives the construction permit (Tr. 112). Sandidge has been the chief engineer at radio stations (1959-1963), and constructed Stations WLRV (1974), WJPT (1978) and WJTZ (1987) on behalf of Parker (Parker Ex. 3, p. 3).

12. Parker has proposed to install auxiliary power generating equipment at its transmitter and studio sites (Parker Ex. 1, p. 3).

DIVERSIFICATION

13. J. T. Parker Broadcasting Corp., the applicant herein, is the licensee of daytime-only AM Station WLRV, 1380 kHz, Lebanon, Virginia (Parker Ex. 1, p. 1). Parker has operated Station WLRV since 1974 (Tr. 77).

14. The J. T. Parker Broadcasting Corporation, a North Carolina corporation, is the licensee of daytime-only AM Station WJTP, 1120 kHz, Newland, North Carolina. The ownership of this corporation is the same as the applicant Parker corporation, *viz*: J. T. Parker, Jr. - 60%; William Mitchell Sandidge - 20%; Phil L. Roberts - 20% (Parker Ex. 1, p. 2). The distance between Lebanon, Virginia, and Newland, North Carolina, is approximately 60 miles (Tr. 152).

15. J. T. Parker, is also the 100% owner of The J. T. Parker Broadcasting Corporation, Tennessee, the licensee of Station WJTZ, a full-time AM station licensed to Blountville, Tennessee (Parker Ex. 1,pp. 1-2). The distance between Blountville and Lebanon is approximately 40 miles (Tr. 152-153).

Yeary Broadcasting, Inc.

16. Yeary Broadcasting, Inc. is a corporation duly organized and validly existing under the laws of the Commonwealth of Virginia (YBI Ex. 1). David Lannis Yeary owns 100% of the issued and outstanding voting stock of YBI. He is also the President and sole director of YBI. Yeary's wife, Donna F. Yeary, who has no ownership interest in YBI, serves as Secretary and Treasurer of the corporation (YBI Ex. 1). Mrs. Yeary provides bookkeeping services for YBI from an office in the Yearys' home (Tr. 127-130).

17. *David Lannis Yeary* will serve as the full-time General Manager of the proposed Lebanon, Virginia FM station, and will devote a minimum of 40 hours per week, on a daily basis, to the management of the station. His duties will encompass all aspects of station operations, including the hiring, firing and promotion of employees, programming, sales, engineering, EEO compliance, interface with legal and engineering counsel and representing the station before the community. To meet this commitment, Yeary will terminate his present employment as General Manager of Station WSPC, St. Paul, Virginia (YBI Ex. 2, p. 1). Yeary intends to turn over the day-to-day management of WSPC to a current employee at the Station, Gary Dingus, who has been at the Station for six years and will be designated as General Manager (Tr.

137-138). In his capacity as President of YBI, Yeary will devote not more than 3-4 hours per week on weekends, as necessary, to the affairs of Station WSPC (YBI EX. 2, P. 1).

18. Yeary has been since 1984 a resident of Castlewood, Virginia, a community located within the proposed service area (60 dBu contour) of the Lebanon, Virginia station. He does not propose to change his residence. The drive time between Yeary's home and Lebanon, Virginia is 15-20 minutes (YBI Ex. 2, p. 2).

19. Yeary is involved in the following civic activities within the proposed service area (60 dBu contour) of the Lebanon, Virginia FM station:

a. St. Paul Chamber of Commerce (1982 to present). Yeary served as the Chamber's President from October 1, 1987 until September 30, 1988. In this capacity, he chaired the monthly meetings, made personal appearances and interacted with other Chamber members.

b. St. Paul Lion's Club (1982 to present). Yeary is a Past President (1986) of this organization.

c. Russell County Chamber of Commerce (1986 to present).

d. Castlewood Methodist Church, Sunday School Superintendent, 1985 to date. Yeary devotes about four (4) hours a month to this position.

(YBI Ex. 2, p. 2).

20. From 1972-1977, Yeary was a full-time announcer (1972-1974) and salesman (1974-1977) at Station WRGS in Rogersville, Tennessee, to which he dovoted between 40 and 50 hours per week. In 1977, he became Station Manager of Station WJZA in Harriman, Tennessee, a position he retained unto 1981. Yeary devoted 40 to 60 hours per week to his duties as Station Manager of WJZA, and supervised a staff of six to seven employees. He has been full-time General Manager of Station WSPC since the station became operational in November, 1981, to which duties he now devotes between 40 and 60 hours per week. Yeary completed two years of college and he attended the Professional School of Broadcasting in Atlanta, Georgia for one school year (YBI Ex. 2, pp. 1-2).

Diversification

21. YBI is the licensee of daytime-only AM radio Station WSPC, 1140 kHz, St. Paul, Wise County, Virginia. Neither YBI nor D. Lannis Yeary has any other media interest (YBI Ex. 3; Tr. 151).

22. Lebanon, Virginia is within the primary coverage area of Station WSPC and YBI sells advertising time in Lebanon (Tr. 140; Tr. 155-156). St. Paul is located within the 60 dBu contour of YBI's proposed FM station (Tr. 149). The distance between Lebanon and St. Paul is 10-15 miles (Tr. 150).

Comparative Coverage

23. The areas and populations that each applicant will cover by its respective 1 mV/m (60 dBu) contour are as follows:

Applicant	Area (Sq. km)	Population (1980)
YBI	1,952	49,509
Parker	1,790	56,667

(Joint Exhibit 1, Table I)

24. YBI's 1 mV/m contour includes 162 persons (13 sq. km) who presently receive only three (3) nighttime aural services and 10,842 persons (425 sq. km) who presently receive four (4) nighttime aural services. Parker will serve 8,861 persons (352 sq. km) who now receive 4 nighttime aural services (Joint Exhibit 1).

CONCLUSIONS

Comparative Coverage

25. Parker will serve 7,158 (14.46%) more persons than YBI. Based on the relative percentage and number of additional persons served by Parker, Parker is entitled to a very slight preference in comparison to YBI. *Cotton Broadcasting Company*, 104 FCC 2d 473, 477 (Rev. Bd. 1986). Offsetting this very slight preference to Parker, is YBI's provision of a fourth nighttime service to 162 persons and provision of a fifth nighttime service to 1,981 persons more than Parker, for which YBI deserves a very slight preference. *Christian Broadcasting of the Midlands*, 99 FCC 2d 578, 582-583 (Rev. Bd. 1984). In summary, based upon comparative coverage considerations, no overall preference is awarded.

Diversification

26. In resolving diversity questions, the Commission looks first to broadcast interests in the principal community to be served, followed by other interests in the remainder of the service area, and then by those generally in the United States. *Policy Statement on Comparative Broadcast Hearings*, 1 FCC 2d 393, 394 (1965). In the instant proceeding, Parker owns a daytime-only AM station (WLRV) in the community to be served. Parker had two opportunities to avoid suffering a diversification demerit for ownership of that facility. Parker missed both opportunities. First, Parker failed to make a timely "B" cut-off date divestiture commitment. Second, as a licensee of a daytime only AM station in the FM community, Parker could have avoided a diversification demerit by making a divestiture pledge within 30 days after designation of its FM application for hearing. Parker failed to meet this deadline and its untimely diversification commitment was stricken. *MO & O*, FCC 88M-3261, released October 3, 1988. In its proposed conclusions, Parker claims a preference over YBI on the ground that Parker has proposed to divest that station. Parker's conclusion is wrong as a matter of law. It also disregards the Presiding Judge's unequivocal ruling, *cited above*, and reiterated during the admission phase of the hearing (Tr. 66-67). Parker's divestiture commitment is irrelevant to an evaluation of the comparative merits vis-a-vis YBI and its ownership of WLRV must be considered under the diversification factor. In addition, J. T. Parker, Jr., the applicant's 60% owner, also owns 100% of the full-time AM station licensed to a city located some 40 miles from Lebanon and 60% of another daytime-only AM station located in Newland, North Carolina, approximately 60

miles from Lebanon. W. M. Sandidge, a 20% owner of the applicant, also owns 20% of the Newland, North Carolina station.

27. In contrast to the multiple broadcast station holdings of Parker and its owners, YBI is the licensee of a single broadcast facility, daytime-only Station WSPC, St. Paul, Virginia, which is located some 10-15 miles from Lebanon. Although WSPC provides primary coverage to Lebanon and YBI sells advertising time in that community, there is a clear comparative distinction between YBI's lone broadcast interest and the interests of Parker in Lebanon and other reasonably proximate radio markets. In sum, YBI warrants a moderate diversification preference over Parker in this proceeding.

Integration

28. J. T. Parker Broadcasting Corp., claims 80% quantitative integration credit on the basis of the commitments of Parker (60% owner) and Sandidge (20% owner) to serve as full-time General Manager and Station Manager, respectively, of Parker's proposed FM station. The 20% credit for Sandidge is warranted. However, the record does not support the award of 60% full-time integration credit for Parker.

29. Parker has been in the broadcast business since 1967. Since that time Parker has owned three other radio stations, but he has never served in a managerial capacity at any of his stations. Parker has functioned instead as an "owner" making periodic visits to the stations, receiving reports from Sandidge and the station managers and becoming involved only when there are problems requiring an ownership-level decision. The record reflects, despite Parker's having been given the title of general manager, that he will occupy a similar consultative position at the proposed FM station. The record shows that Sandidge, who will serve as station manager, will have direct, day-to-day authority with primary responsibility for all important operational matters. While Parker will consult and work closely with Sandidge, he will not have primary authority for any aspects of the station's day-to-day operations. Further, with not more than four full-time employees at the station, it is difficult to justify the alleged need for two top-level managers, much less comprehend how they will function in accordance with their proposed job descriptions. Parker's role as an "interested" owner rather than that of a manager is also evidenced by the fact that Parker does not propose to be a salaried employee; he will instead "take what's left over" as the station's principal owner. There are also other facts which raise considerable doubt concerning the reliability of Parker's full-time integration proposal. Parker, a resident of Kingsport, Tennessee, does not propose to relocate to Lebanon. The round trip commute is at least 2 hours. Parker does not intend to adhere to a normal work week. Finally, Parker intends to continue to supervise his other radio stations and non-broadcast businesses. While such supervision may not require a great expenditure of time when all is going well, there is no guaranty that is always the case. Parker has made clear that if problems arise, he has in the past and will continue to devote as much time as necessary to the running of his businesses. In sum, even assuming Parker's role at the station is "managerial," only part-time credit would be warranted.

30. Parker is entitled to slight enhancement credit for Sandidge's experience in the broadcast technical field and for his limited role as nominal general manager for Stations WJTP and WLRV. Parker also receives the slight credit accorded for a auxiliary power proposal. *See, Communications Properties, Inc.*, 52 RR 2d 981, 984 (Rev. Bd. 1982).

31. Yeary Broadcasting, Inc. has established through uncontroverted evidence that its 100% owner and President, D. Lannis Yeary, will serve as the full-time general manager of the proposed FM station, performing his managerial duties at the station on a daily basis. Yeary's ability to withdraw from his present employment as general manager of Station WSPC to meet his full-time commitment to the FM station is unchallenged. In sum, YBI manifestly is entitled to 100% integration credit for the full-time participation of its sole shareholder.

32. Parker asserts that YBI's credit should be reduced to 50% to reflect the non-involvement of Donna F. Yeary in YBI's FM station. Second, Parker contends that even the 50% integration credit cannot be accorded full-time weight because D. Lannis Yeary intends to devote at least 10 hours per week to "sales." The contentions are without merit and are rejected. Donna F. Yeary, the wife of D. Lannis Yeary, is the Secretary and Treasurer of YBI. The record is clear that Mrs. Yeary has no ownership interest in the company and has not proposed a management role at YBI's new FM station. Parker has cited no Commission precedents to support its theory that Mrs. Yeary's non-involvement should be factored into the integration assessment for comparative purposes and the Presiding Judge is aware of none. Parker's second contention is equally groundless. First, the record makes clear that Yeary proposes to oversee the station's sales staff, (Tr. 131-136) a management function. Second, even if Yeary sold time, that would not be fatal. The Commission has made clear that the performance of non-managerial functions does not preclude the award of full-time integration credit. *See Debra D. Carrigan*, 100 FCC 2d 721, 726 (Rev. Bd. 1985), *review denied*, 104 FCC 2d 826 (1986).

33. YBI's 100% quantitative integration credit is qualitatively enhanced by several decisionally-significant factors. First, D. Lannis Yeary has been a resident of Castlewood, Virginia, a community within the FM station's proposed 60 dBu contour, since 1984. In addition, Yeary has been active in civic organizations within the FM station's proposed primary service area. It is well-settled that service area residence and civic activities closely follow community residence as an enhancement factor under the Commission's 1965 *Policy Statement on Comparative Broadcast Hearings*, 1 FCC 2d 393, 396. *See, e.g., Waters Broadcasting Corp.*, 91 FCC 2d 1260, 1263, *aff'd sub. nom; West Michigan Broadcasting Co. v. FCC*, 735 F.2d 601 (D. C. Cir. 1984). YBI's 100% integration credit is further enhanced by the "hands on" broadcast managerial experience of Yeary. Although deemed of only minor comparative significance by the *1965 Policy Statement*, Yeary's broadcast experience nevertheless serves to enhance YBI's comparative status in this proceeding.

Comparative Conclusion

34. YBI is the clear comparative winner. YBI has received a moderate diversification preference over Parker. Moreover, YBI's 100% quantitative credit plus quantitative enhancement is vastly superior to the 20% credit and enhancement awarded to Parker. Assuming *arguendo*, Parker's full-time commitment is accepted, there is still a clear quantitative difference between the integration proposals of YBI (100%) and Parker (80%). *See Vacationland*

Broadcasting Co., Inc., 97 FCC 2d 485, 495 (Rev. Bd. 1984). For the foregoing reasons, the application of YBI is granted.

Accordingly, IT IS ORDERED, That unless an appeal from this Initial Decision is taken by a party, or it is reviewed by the Commission on its own motion in accordance with Section 1.276 of the Rules,[2] the application of Yeary Broadcasting, Inc. for a construction permit for a new FM Channel 297A in Lebanon, Virginia IS GRANTED; and the application of J. T. Parker Broadcasting Corp. IS DENIED.

FEDERAL COMMUNICATIONS COMMISSION

Joseph Chachkin
Administrative Law Judge

FOOTNOTES

[1] By *Memorandum Opinion and Order*, FCC 88M-4286, released December 15, 1988, the Presiding Judge dismissed with prejudice the application of W. B. Moore, Jr. for Channel 297A at Lebanon, Virginia.

[2] In the event exceptions are not filed within 30 days after the release of this Initial Decision, and the Commission does not review the case on its own motion, this Initial Decision shall become effective 50 days after its public release pursuant to Section 1.276(d).

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

WESTERN UNION
CORPORATION,
Complainant,

v. File No. E-89-132

GTE TELEPHONE
OPERATING COMPANIES,
Defendant.

ORDER

Adopted: July 17, 1989; Released: July 25, 1989

By the Acting Chief, Enforcement Division, Common Carrier Bureau:

1. We have before us a motion filed on July 13, 1989, by Western Union Corporation, requesting dismissal of the above-captioned complaint. For the reasons set forth below, the motion is granted.

2. On January 27, 1989, Western Union filed a formal complaint alleging that defendant's voice grade and metallic channel termination rates in effect for the period January 1, 1987, through December 31, 1988, were unjust and unreasonable in violation of Section 201(b) of the Communications Act, 47 U.S.C. § 201(b). It requested damages for the overcharges of an amount to be ascertained. In its motion, Western Union states that after discussions with defendant's counsel and a review of its own records, it appears that even if it were to prevail on the merits, the resultant damages, if any, would be inconsequential. Therefore, it requests that the complaint be dismissed.

3. On the basis of the statements contained in complainant's motion, we conclude that there are no longer issues in controversy and the proceeding should be terminated.

4. Accordingly, IT IS ORDERED, pursuant to authority delegated in Section 0.291 of the Commission's Rules, 47 C.F.R. § 0.291, that the Motion to Dismiss filed by Western Union Corporation IS GRANTED.

5. IT IS FURTHER ORDERED that the above-captioned complaint IS DISMISSED.

FEDERAL COMMUNICATIONS COMMISSION

Mary Beth Hess
Acting Chief, Enforcement Division
Common Carrier Bureau

Before the
Federal Communications Commission
Washington, D.C. 20554

CC Docket No. 89-323

In the Matter of

CINCINNATI BELL TELEPHONE
Tariff F.C.C. No. 35

Transmittal No. 518

ORDER DESIGNATING ISSUES FOR INVESTIGATION

Adopted: July 18, 1989; **Released: July 19, 1989**

By the Deputy Chief, Common Carrier Bureau:

I. BACKGROUND

1. On March 17, 1989, Cincinnati Bell Telephone (CBT) filed Transmittal No. 518. Specifically, this transmittal would establish new presubscription procedures and expand existing presubscription procedures to allow the owner or agent of the premises to select a Primary Interexchange Carrier (PIC) to transport interstate calls from the public and semi-public telephones provided by CBT. Transmittal 518 was scheduled to become effective on June 15, 1989. On June 14, 1989, however, the Common Carrier Bureau suspended this transmittal for the maximum period of five months and instituted an investigation into its lawfulness.[1]

II. SUMMARY OF PLEADINGS

A. *Sprint Petition*

2. On April 4, 1989, US Sprint Communications Company Limited Partnership (Sprint) filed a petition to reject or, alternatively, to suspend and investigate the instant transmittal. On April 18, 1989, Charter Network Company (Charter), an interexchange carrier (IC) offering 0+ and 1+ service in CBT's service area, submitted informal comments in general support of Sprint's position.[2]

3. Sprint maintains that, through the balloting procedures proposed in the instant tariff filing, CBT seeks to hold a highly biased election of its payphone premises owners which would only help perpetuate the existing payphone monopoly of American Telephone and Telegraph Company (AT&T). Sprint Petition at 2. According to Sprint, CBT issues "calling cards" to CBT subscribers which can be used for 0+ dialing on CBT payphones. *Id.* Sprint claims that CBT, however, refuses to provide validation information when these calling cards are used by customers of any IC other than AT&T. *Id.* at ii. Such refusal, Sprint maintains, renders CBT's payphone balloting plan unjust, unreasonable, and discriminatory. *Id.* at 13. Sprint further asserts that the customer and billing information Sprint needs for validation is obtained by CBT through the operation of CBT's business as a local exchange carrier, and may only be obtained by local exchange carriers (LECs) franchised to provide telephone service in a given area. *Id.* at 3.

4. Sprint notes that the Bell Operating Companies (BOCs) performed the billing function for the entire Bell System prior to divestiture. At that time, information to validate all calling card traffic was contained in a database known as the "Billing Validation Application" (BVA) which was regularly updated with billing and customer information provided by the BOCs through the "Data Base Administration System" (DBAS). Sprint further explains that, at divestiture, the BVA was assigned to AT&T; the various DBAS systems, regarded as being used predominantly to support intraLATA operator services, were assigned to the BOCs.

5. According to Sprint, because the DBAS was essential to operating the BVA, the Bell System Plan of Reorganization required that the BOCs continue to update AT&T's BVA through the DBAS systems under contracts for the sharing of multifunction facilities. Sprint contends that both AT&T and the BOCs, including CBT, continue to update the BVA through the DBAS systems, and are provided exclusive access to that information. *Id.* at 5-6. Thus, Sprint argues, in light of the historical relationship between AT&T and CBT, supplying validation data to ICs is a necessary precondition to a reasonable and nondiscriminatory payphone balloting scheme. According to Sprint, unless competing ICs can determine that such cards are valid, those ICs cannot accept the cards at payphones presubscribed to them without risk of massive fraud. *Id.* at 11.

5. Noting that the amount of commissions to payphone premises owners is the driving factor in the owners' selection of an IC, Sprint further argues that CBT's refusal to provide validation data to the other ICs will enable AT&T to promise CBT's payphone premises agents commissions on a higher base of traffic because of its unique ability to honor the CBT/AT&T cards. Because premises owners have little or no incentive to choose any IC other than AT&T, Sprint concludes, the proposed election process is a sham. *Id.* at 13.

6. Finally, Sprint responds to CBT's claim that CBT acts as an agent of AT&T, and is precluded by such status from divulging the needed validation information to other ICs.[3] According to Sprint, CBT's activities, *e.g.*, selling calling cards to CBT's own customers, assigning validation codes for those cards, providing necessary validation information, and updating that information by noting customer moves and changes, are typical exchange service functions. *Id.* at 4.

B. *CBT Reply*

7. The CBT reply argues that, pursuant to Section 204 of the Communications Act, the Commission has the authority to review solely whether proposed tariff revisions are just, reasonable, and otherwise comport with the Communications Act. CBT Reply at 2. CBT argues that the availability of validation data is irrelevant to such a Commission determination, and suggests that the appropriate vehicle for remedy is a complaint under Section 208 of the Act, 47 U.S.C. § 208, or a petition for Rule Making. *Id.* at 2-3. Accordingly, CBT argues that the issues raised by Sprint are not proper for consideration in a Section 204 proceeding. *Id.* at 5. CBT also argues that under Section 1.773(a)(1)(i) of the Commission's Rules, 47 C.F.R. § 1.773(a)(1)(i), formal complaints must be

separately lodged and may not be considered in a petition seeking suspension and investigation of a pending tariff filing, or rejection of a new or revised tariff filing. *Id.* at 3 & n.3. Thus, CBT by inference characterizes Sprint's petition as a formal complaint which is improperly filed pursuant to this Rule also.

8. CBT also explains in some detail its marketing arrangement with AT&T. CBT states that pursuant to an agreement between CBT and AT&T which, among other things, designates CBT as AT&T's agent for the marketing of the AT&T calling card in the Cincinnati area, CBT (1) processes orders for AT&T's calling card; (2) mechanically generates AT&T card and personal identification numbers; (3) transmits the information to AT&T for card issuance and to AT&T's BVA for card validation; and (4) bills and collects from AT&T customers. *Id.* at 4. CBT also maintains it has no authority to release the information sought by Sprint because it is gathered for the benefit of AT&T pursuant to this agreement and is thus proprietary. *Id.* at 4-5.

9. CBT also argues that ICs will have alternative sources of validation information, stating that by the time public telephone presubscription becomes effective in CBT's operating area, CBT's exchange carrier billing validation data would be made available to all ICs through a contract with US West Service Link, Inc. *Id.* at 5. Furthermore, noting that currently Sprint contracts with CBT for billing and collection services, CBT indicates that the calling card services it provides to AT&T could be made available to Sprint if Sprint chose to contract for them. CBT adds that all information gathered pursuant to such an agreement would also be treated as proprietary to Sprint. *Id.* at 4.

III. DISCUSSION

10. Although the tariff transmittal does not describe CBT's practices relating to the provision of billing validation information to interexchange carriers, Sprint apparently contends that conducting payphone presubscription balloting without making such validation data equally available to all interexchange carriers who choose to participate in the balloting is an unreasonable practice for purposes of Section 201(b) of the Communications Act, 47 U.S.C. § 201(b) and results in unreasonable discrimination or undue preferences for purposes of Section 202(a) of the Act, 47 U.S.C. § 202(a). We conclude that the the decision to conduct payphone presubscription balloting under these circumstances does present substantial Communications Act questions which warrant investigation.

11. If CBT in fact provides billing validation information to AT&T that CBT does not offer to other interexchange carriers, such a practice might violate Section 201(b) and/or Section 202(a) even if CBT did not propose to conduct any payphone presubscription balloting. If CBT directly or indirectly offers such billing validation information to AT&T and other interexchange carriers at different rates or under different terms and conditions, such a practice might also violate the Communications Act. Although such practices are not described in this tariff transmittal, questions with respect to the nature and legality of CBT's practices are closely related to the questions posed by CBT's decision to conduct prescription balloting. Therefore, it is appropriate to examine the nature and legality of CBT's practices in this Section 204(a) investigation.

12. We are accordingly directing CBT to file a direct case explaining its practices, its reasons for believing those practices are lawful, and its reasons for believing that its decision to conduct payphone presubscription balloting under the present circumstances is consistent with CBT's Communications Act obligations.

13. In order to assist the Commission in resolving the fundamental questions in this investigation, CBT is directed to respond to the following specific questions:

1. Sprint states in its petition that CBT refuses to provide Sprint and other election participants with the same billing and validation information provided to AT&T. Sprint Petition at 2. (a) Explain precisely what validation information is provided to AT&T by CBT which would be useful for Sprint if Sprint wishes to validate AT&T calling cards or any other calling cards at public payphones presubscribed to Sprint. (b) Specify types and categories of information and whether this information is obtained from the end user, AT&T, LEC, or another source.

2. (a) Explain precisely what information is used by CBT to validate an AT&T calling card originated from a public payphone in CBT territory. (b) Specify types and categories of information and whether this information is obtained from the end user, AT&T, or another source, or is information normally retained as part of the provision of local exchange service. (c) Specify the cost to AT&T of using this service, including a discussion of the various rate elements AT&T must pay.

3. CBT states that exchange carrier billing validation data belonging to CBT (*i.e.*, "billed number screening customers" and public telephone numbers) will be made available to all ICs through a contract with US West Service Link, Inc. CBT Reply at 5. (a) Describe specifically the terms and conditions of the agreement between CBT and US West Service Link, Inc. Include explanations and quantifications of the cost to Sprint to receive this billing validation data through US West Service Link, Inc. (b) Specify what revenues CBT receives from US West Service Link, Inc. for the use of CBT data and how these revenues are reflected in the apportionment of costs and revenues between regulated and unregulated activities. (c) Address whether the information provided, and the costs of its provision through US West Service Link, Inc., is different from the information provided in response to Issue 2 above. (d) If it is different, specify the differences. (e) State whether the CBT billing validation data which will be provided through US West Service Link, Inc., will enable Sprint to validate AT&T calling card calls on public payphones presubscribed to Sprint. (f) If not, specify what additional data would be necessary.

4. (a) Explain which of the information provided in response to Issue 2 above, is obtained or used by CBT in its role as billing and collection agent for AT&T and which of this information is considered to be confidential or proprietary information under

the contract between CBT and AT&T. (b) If CBT were to enter into a like arrangement with other ICs, specify the information that would be obtained or used by CBT as agent. (c) Provide details of how any such arrangement would be the same or differ from the CBT/AT&T arrangement. (d) Provide quantifications of the cost to Sprint if Sprint selected CBT to act as a billing and collection agent for Sprint. Compare this to the cost charged AT&T as outlined in response to Topic 2. (e) Specify how billing and collection revenues generally are accounted for in CBT's apportionment of costs and revenues between regulated and unregulated activities. In responding to this issue please provide all manuals and directives that CBT utilizes in this accounting process.

5. (a) Of the information obtained by CBT pursuant to its agreement with AT&T, explain precisely what information is obtained for the validation of AT&T calling card calls. (b) Explain whether any portion of this information is used by CBT in the course of providing any other service.

14. We also request CBT and any interested person to provide data, analysis, and information concerning the following topics:

(1) Whether the size or scope of the existing "embedded base" AT&T call system (including its special access to local carrier information) presents a barrier to effective competiton in the public payphone or any other market. (2) Whether CBT's partipation in this arrangement constitutes an undue preference in favor of AT&T.

(2) In what ways is the size and scope of AT&T's credit card base different from MCI's and Sprint's base of card holders? How do Sprint and MCI offer access to their card system to the vendors of telephone services? How, if at all, do their practices differ from AT&T's?

(3) Whether the correct remedy for the problem with credit card access, if any, is to direct an exchange of information among the long distance carriers.

IV. PROCEDURAL REQUIREMENTS

15. No later than August 9, 1989, CBT shall file a direct case addressing the issues outlined above. The direct case shall be organized to reflect the specific questions in paragraph 12, *supra*. Pleadings opposing the direct case may be filed by interested parties no later than August 23, 1989, and shall be captioned "Opposition to Direct Case" or "Comments on Direct Case." CBT may file a "Rebuttal" to oppositions and comments no later than August 30, 1989. All oppositions, comments, and CBT's rebuttal shall also be organized to reflect the issues designated in this Order.

16. An original and seven copies of all pleadings shall be filed with the Secretary of the Commission. In addition, one copy shall be delivered to the Commission's commercial firm for copying, International Transcription Service, Inc. (ITS), Room 246, 1919 M Street, N.W., Washington, D.C. 20554. Members of the general public who wish to express their views in an informal manner may do so by submitting one copy of their comments to the Secretary, Federal Communications Commission, Washington, D.C. 20554.

17. *Ex Parte* contacts (*i.e.*, written or oral communications which address either the procedural or substantive merits of the proceeding which are directed to any member, officer or employee of the Commission who may reasonably be expected to be involved in the decisional process in this proceeding) are permitted in this proceeding until a public notice of scheduled Commission consideration of a final Order is released and after the final Order itself is issued. Written *ex parte* contacts must be filed, on the same day submitted, with the Secretary for inclusion in the public file. A written summary of oral *ex parte* contacts must be served, on the same day presented, on the Secretary and Commission employees receiving such presentation. For other requirements, *see generally* Section 1.1200 *et seq.* of the Commission's Rules, 47 C.F.R. § 1.1200 *et seq.*

V. ORDERING CLAUSES

18. Accordingly, IT IS ORDERED that the issues set forth in this Order ARE DESIGNATED FOR INVESTIGATION.

19. IT IS FURTHER ORDERED that the informal comments submitted by Charter Network Company ARE DISMISSED.

FEDERAL COMMUNICATIONS COMMISSION

Carl D. Lawson
Deputy Chief (Policy)

FOOTNOTES

[1] Cincinnati Bell Telephone, Transmittal No. 518, Order, DA 89-665, released June 14, 1989 (Com.Car.Bur.).

[2] The comments filed by Charter are not authorized under the Commission's Rules and therefore will be dismissed.

[3] In a letter dated March 7, 1989, from Mr. Ron Loesch, District Manager, Interexchange-Customer Service, CBT, to Portia Hirschman, Director, Carrier Relations, Sprint, Mr. Loesch stated that as AT&T's issuing agent, CBT "is not free to unilaterally disclose information belonging to its principal obtained in the normal course of its principal's business." *See* Sprint Petition, Appendix I at 1.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 88-141

In the Matter of

Amendment of Section 73.202(b),	RM-6030
Table of Allotments,	RM-6407
FM Broadcast Stations.	
(Spring Grove and Preston, Minnesota and Mason City, Iowa[1])	

REPORT AND ORDER
(Proceeding Terminated)

Adopted: June 30, 1989; Released: July 26, 1989

By the Chief, Allocations Branch:

1. The Commission has before it for consideration the *Notice of Proposed Rule Making*, 3 FCC Rcd 1905 (1988), proposing the substitution of FM Channel 252C2 for Channel 252A at Spring Grove, Minnesota, and modification of the license of Station KQYB to specify operation on the new channel. The *Notice* was issued in response to a petition filed by Sun Communications, Inc. (petitioner). The petitioner filed supporting comments. KFIL, Inc. (KFIL) filed a counterproposal.[2] TLC Broadcasting Corp. (TLC) filed comments concerning the Order. Petitioner filed additional comments and a counterproposal.[3] KFIL filed reply comments.

2. TLC, licensee of Station KCMR, Mason City, Iowa, filed comments concerning the Order to Show Cause. TLC does not oppose the upgrade proposal of Sun Communications, Inc. and did not object to the proposed channel change at Mason City. TLC provided a list of the major items for which reimbursement will be required in changing its frequency to accommodate petitioner.

3. KFIL, in its counterproposal, requests the allotment of Channel 252C2 for use at Preston, Minnesota, deletion of Channel 276A, and modification of its license for Station KFIL-FM, to specify operation on Channel 252C2. In support of its proposal, KFIL states that Preston is the county seat of Fillmore County and has a population of 1,478 persons, greather than the 1,275 population of Spring Grove (1980 Census). KFIL states that the allotment of Channel 252C2 at Preston would permit the allotment of its current Channel 276A, at Spring Grove.

4. A review of the proposals indicates that Spring Grove and Preston are each deserving of the expanded service. Spring Grove would be upgraded on an adjacent channel and Preston on a non-adjacent channel. A staff study reveals that no other channel is available to resolve the conflicts. Thus, we must choose between the conflicting proposals and base our decision on the following allotment criteria as set forth in *Revision of FM Policies and Procedures*, 90 FCC 2d 88 (1982).

(1) first full-time aural service

(2) second full-time aural service

(3) first local service; and

(4) other public interest matters.

(Co-equal weight given to priorities (2) and (3).

After examining the conflicting proposals we find no showing that first or second full-time aural service would be provided. Since both communities (Spring Grove and Preston) have existing FM stations, neither proposal will provide a first local service under priority three. In view of the foregoing, we believe it is appropriate to base our determination on which modification proposal should prevail under priority (4) of the allotment criteria, other public interest matters. This criteria permits the Commission to compare the extended service areas proposed by each proponent. *See, Greenup, Kentucky and Athens, Ohio*, 2 FCC Rcd 4319 (1987), *aff'd. in relevant part*, 4 FCC Rcd 3843 (1989).

5. We conducted our own engineering and population studies of the proposals to determine which could provide a new service to the largest population within the gain area of the predicted C2 service contours. Our methodology in making this determination is based on a comparison of the primary service radii for Class A and Class C2 facilities, assuming maximum facilities for Class C2 facilities (50 kw power, 150 meters HAAT) and Class A facilities (3 kw, 100 meters HAAT). Then, using the proposed Class C2 sites at Spring Grove and Preston, we drew the primary service contours of the Class C2 station on a map. Using the existing sites for Station KQYB, Spring Grove, and KFIL-FM, Preston, assuming maximum facilities, we superimposed the predicted Class C2 service contours over the Class A primary service contours to determine the gain areas. Once the respective gain areas were determined, calculations were made of the percent of county division not included in the Class A primary service contours penetrated by the predicted C2 service contours. This percentage was used to determine the percentage of the total population of a county which theoretically benefits from a new primary service from each of the proposals. Populations within each county division were assumed to be uniformly distributed. The calculated population totals within the respective gain areas were then compared to determine which would result in a new primary service to the greatest number of people.

6. After a full analysis, we conclude that the Spring Grove proposal should prevail. Both proposals could provide a new primary service to significant populations within their predicted gain areas and improve service to their communities of license. Both proponents have indicated a need for a new service. However, as noted above, both communities cannot have the requested upgrade. We believe our decision, based on a comparison of the populations within the predicted gain areas, will bring the benefits of a new service to a greater number of people. A comparison of the population totals indicates that the modification proposal at Spring Grove would serve an additional 150,217 persons and at Preston 148,822 more people would be served in the gain area (see Appendix). Therefore, the counterproposal filed by KFIL, Inc. to upgrade on Channel 252C2 at Preston,

Minnesota, shall be denied. We will allot Channel 252C2 to Spring Grove, Minnesota, and modify the license of Station KQYB accordingly.

7. Based on the above information, we believe the public interest will be served by the substitution of Channel 252C2 for Channel 252A at Spring Grove, Minnesota. Channel 252C2 can be allotted to Spring Grove in compliance with the minimum distance separation requirements at a site 15.2 kilometers (9.4 miles) northwest of the community.[4] It is also necessary to substitute Channel 250A for 252A at Mason City, Iowa, to accommodate the upgrade at Spring Grove. Channel 250A can be allotted to Mason City in compliance with the spacing rules at the current location of Station KCMR.[5] Petitioner has indicated its willingness to reimburse Station KCMR for the reasonable costs in changing frequency. We shall modify the license of Station KQYB to specify operation on Channel 252C2 in accordance with Section 1.420(g) of the Rules.

8. Accordingly, pursuant to the authority contained in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61, 0.204(b) and 0.283 of the Commission's Rules, IT IS ORDERED, That effective **September 11, 1989,** the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, IS AMENDED for the community listed below, to read as follows:

Community	Channel No.
Mason City, Iowa	230C1, 250A, 291C1
Spring Grove, Minnesota	252C2

9. IT IS FURTHER ORDERED, That pursuant to the authority contained in Section 316 of the Communications Act of 1934, as amended, that the license of Station KQYB, Spring Grove, Minnesota, IS MODIFIED to specify operation on Channel 252C2 in lieu of Channel 252A, subject to the following conditions:

(a) Within 90 days of the effective date of this *Order*, the licensee shall file with the Commission a minor change application for construction permit (Form 301), specifying the new facility.

(b) Upon grant of the construction permit, program tests may be conducted in accordance with Section 73.1620.

(c) Nothing contained herein shall be construed to authorize a change in transmitter location or to avoid the necessity of filing an environmental impact statement pursuant to Section 1.1301 of the Commission's Rules.

10. IT IS FURTHER ORDERED, That pursuant to Section 316 of the Communications Act of 1934, as amended, that the license for Station KCMR, Mason City, Iowa, IS MODIFIED to specify operation on Channel 250A in lieu of Channel 252A, subject to the following conditions:

(a) Nothing contained herein shall be construed to authorize a change in the license for Station KCMR except the channel as specified above. Any other changes, except for those so specified under Section 73.1690 of the Rules, require prior authorization pursuant to an application for construction permit (FCC Form 301).

(b) Program tests may be conducted in accordance with the provision of Section 73.1620 of the Rules, PROVIDED the transmission facilities comply in all respects with license BLH 790416AB except for the channel as specified above and license application (FCC Form 302) is filed within 10 days of commencement of program tests.

11. IT IS FURTHER ORDERED, That the counterproposal filed by KFIL, Inc. (RM-6407) IS DENIED.

12. IT IS FURTHER ORDERED, That the Secretary of the Commission SHALL issue a copy of this Order by CERTIFIED MAIL, RETURN RECEIPT REQUESTED to TLC Broadcasting Corp., Box 979, 216 Second Street, N.E., Mason City, Iowa 50401-0979.

13. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

14. For further information concerning this proceeding, contact Kathleen Scheuerle, Mass Media Bureau, (202) 634-6530.

FEDERAL COMMUNICATIONS COMMISSION

Karl Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

APPENDIX

The following is a summary of the populations of the counties within the predicted gain area of a Class C2 service contour for Station KQYB, Channel 252A, Spring Grove, Minnesota. The percentages of increase indicates the predicted increase in coverage by Class C2 facilities over existing Class A coverage in the listed counties.

Minnesota Counties

Fillmore (incr. from 20% to 83%) pop.
21,930 x 63% = 13,816

Olmsted (incr. from 0% to 15%) pop.
34,116 x 15% = 5,117
(Rochester not covered by upgrade and not included in pop.)

Winona (incr. from 0% to 90%) pop.
46,256 x 90% = 41,630

Houston (incr. from 70% to 100%) pop.
18,382 x 30% = 5,515

Wisconsin Counties

Buffalo (incr. from 0% to 5%) pop.
14,309 x 5% = 715

Trempealeau (incr. from 0% to 10%) pop.
26,158 x 10% = 2,616

LaCrosse (incr. from 0% to 35%) pop.
42,709 x 35% = 14,948

(city of LaCrosse not included in pop.)
Vernon (incr. from 0% to 10%) pop.
25,642 x 10% = 2,564

Iowa Counties
Howard (incr. from 0% to 15%) pop.
11,114 x 15% = 1,667
Winneshier (incr. from 15% to 55%) pop.
21,876 x 40% = 8,750
Allamakee (incr. from 10% to 40%) pop.
15,108 x 30% = 4,532
101,870
LaCrosse, Wis. 48,347
total gain 150,217

The following is a summary of the populations of the counties within the predicted gain area of a Class C2 service contour for Station KFIL, Channel 276A, Preston, Minnesota. The percentage of increase indicates the predicted increase in coverage by Class C2 facilities over existing Class A coverage in the listed counties.

Minnesota Counties
Fillmore (incr. from 75% to 90%) pop.
21,930 x 15% = 3,290
Olmsted (incr. from 5% to 22%) pop.
34,116 x 17% = 5,800
(city of Rochester not covered by upgrade and not included in pop.)
Winona (incr. from 0% to 90%) pop.
46,256 x 90% = 41,630
Houston (incr. from 0% to 100%) pop.
18,382 x 100% = 18,382

Wisconsin Counties
Buffalo (incr. from 0% to 30%) pop.
14,309 x 3% = 429
Trempealeau (incr. from 0% to 5%) pop.
26,158 x 5% = 1,308
LaCrosse (incr. from 0% to 15%) pop.
42,709 x 15% = 6,406
(city of LaCrosse not included in pop.)
Vernon (incr. from 0% to 5%) pop.
25,642 x 5% = 1,282

Iowa Counties
Howard (incr. from 5% to 30%) pop.
11,114 x 25% = 2,779
Winneshier (incr. from 0% to 60%) pop.
21,876 x 60% = 13,126
Allamakee (incr. from 0% to 40%) pop.
15,108 x 40% = 6,043
100,475
LaCrosse, Wis. 48,347
total gain 148,822

Because the population of the city of LaCrosse is not equally distributed in the county, the population has not been included in the figure for LaCrosse County. However, since the upgrade for either community will cover LaCrosse, the population for the city of LaCrosse has been added to the total gain for Spring Grove and Preston.

FOOTNOTES

[1] Preston, Minnesota has been added to the caption.

[2] Public Notice was given on June 15, 1988, Report No. 1734 (RM-6407).

[3] The counterproposal filed by Sun Communications, Inc. has not been accepted in accordance with Section 1.420(d) of the Commission's Rules. That Section states that counterproposals should be advanced in initial comments only and will not be considered if they are advanced in reply comments.

[4] The coordinates for Channel 252C2 at Spring Grove are 43-40-37 and 91-44-14.

[5] The coordinates for Channel 250A at Mason City are 43-07-18 and 93-11-32.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 89-54

In the Matter of

Amendment of Section 73.202(b), RM-6634
Table of Allotments,
FM Broadcast Stations.
(Derby, Augusta, and
Herington, Kansas)

REPORT AND ORDER
(Proceeding Terminated)

Adopted: July 7, 1989; Released: July 26, 1989

By the Chief, Allocations Branch:

1. Before the Commission for consideration is the *Notice of Proposed Rule Making*, 4 FCC Rcd 2173 (1989), proposing the substitution of FM Channel 242C2 for Channel 240A at Derby, Kansas, and modification of the license for Station KRZZ-FM, to specify operation on Channel 242C2. The *Notice* was issued in response to a petition filed by New West Radio, Inc. (petitioner). Petitioner filed supporting comments. Dana Puopolo filed a counterproposal requesting the allotment of Channel 283A to Douglass, Kansas.[1] Ernestine Hill filed a counterproposal requesting the allotment of Channel 283C2 to Andover, Kansas.[2] No other comments were received.

2. The proposed upgrade at Derby requires channel substitutions at Augusta and Herington, Kansas. Channel 242A was allotted to Augusta and Herington in MM Docket 84-231, *First Report and Order*, 49 FR 3514, January 25, 1984, and made available for application in Window No. 78 (opened June 17, 1988 and closed July 28, 1988). The *Notice* proposed the substitution of Channel 283A for Channel 242A at Augusta and Channel 289A for Channel 242A at Herington. Channel 283A can be allotted to Augusta in compliance with the spacing requirements at each applicant's site for Channel 242A.[3] Channel 289A can be allotted to Herington in compliance with the minimum distance separation requirements at the applicant's site for Channel 242A.[4] The three applicants for Channel 242A at Augusta and the applicant for 242A at Herington will be permitted to specify the new Class A channel and retain their cut off protection, since the channels are equivalent. Channel 242C2 can be allotted to Derby, Kansas, in compliance with the minimum distance separation requirements of the Commission's Rules at the petitioner's specified site.[5] We shall also modify the license of Station KRZZ-FM, to specify operation on Channel 242C2 in lieu of Channel 242A, in accordance with Section 1.420(g) of the Rules.

3. Accordingly, pursuant to the authority contained in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61, 0.204(b) and 0.283 of the Commission's Rules, IT IS ORDERED, That effective **September 11, 1989,** the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, IS AMENDED for the communities listed below:

Community	Channel No.
Augusta, Kansas	283A
Derby, Kansas	242C2
Herington, Kansas	289A

4. IT IS FURTHER ORDERED, pursuant to the authority contained in Section 316 of the Communications Act of 1934, as amended, that the license of Station KRZZ-FM, Derby, Kansas, IS MODIFIED to specify operation on Channel 242C2, subject to the following conditions:

(a) Within 90 days of the effective date of this *Order*, the licensee shall file with the Commission a minor change application for construction permit (Form 301), specifying the new facility.

(b) Upon grant of the construction permit, program tests may be conducted in accordance with Section 73.1620.

(c) Nothing contained herein shall be construed to authorize a change in transmitter location or to avoid the necessity of filing an environmental impact statement pursuant to Section 1.1301 of the Commission's Rules.

5. IT IS FURTHER ORDERED, That the Secretary of the Commission SHALL SEND by Certified Mail, Return Receipt Requested, a copy of this Order to the following applicants for Channel 242A at Augusta, Kansas:

Gregory Ray Steckline
Route 1, Box 94A
Garden Plains, Kansas 67050
(880727MO)

Curtis R. McClinton, Jr.
10224 Locust Street
Kansas City, Missouri 64131
(880728NI)

Jeannine T. Rainbolt
2202 North Minnesota Ave.
Shawnee, Oklahoma 74801
(880728MV)

6. IT IS FURTHER ORDERED, That the Secretary of the Commission SHALL SEND by Certified Mail, Return Receipt Requested, a copy of this Order to the applicant for Channel 242A at Herington, Kansas:

Marie Willis and Donald D. Willis
115 North 8th Street
Herington, Kansas 67449
(880712ML)

7. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

8. For further information concerning this proceeding, contact Kathleen Scheuerle, Mass Media Bureau, (202) 634-6530.

FEDERAL COMMUNICATIONS COMMISSION

Karl Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

FOOTNOTES

[1] Dana Puopolo withdrew the counterproposal on May 15, 1989. Public Notice of the counterproposal has not been given.

[2] Ernestine Hill filed a motion to withdraw her counterproposal on May 16, 1989. The counterproposal was not placed on Public Notice.

[3] The coordinates for Channel 283A at Augusta at the applicant's sites are 37-43-21 and 97-03-55 (880728NI), 37-39-56 and 97-02-12 (880727MO) and 37-42-00 and 97-02-33 (880728MV). A fourth application, 880729MB, has been returned as unacceptable.

[4] The coordinates for Channel 289A at Herington at the applicant's site are 38-38-17 and 96-57-46.

[5] The coordinates for Channel 242C2 at Derby are 37-37-03 and 97-20-11.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 88-258

In the Matter of

Amendment of Section 73.202(b), RM-6347
Table of Allotments,
FM Broadcast Stations.
(Covington, Pennsylvania)

REPORT AND ORDER
(Proceeding Terminated)

Adopted: July 7, 1989; Released: July 26, 1989

By the Chief, Allocations Branch:

1. At the request of Robin B. Thomas (petitioner), the Commission has before it the *Notice of Proposed Rule Making*, 3 FCC Rcd 3181 (1988), proposing the allotment of Channel 234A to Covington, Pennsylvania, as the community's first local FM service. Covenant Broadcasting Company ("Covenant") and Anita L. Clark ("Clark") filed comments. Petitioner and Covenant filed reply comments.

2. Covenant, licensee of Station WJSA-FM, Jersey Shore, Pennsylvania, has before the Commission a request to, among other things, substitute Channel 234A for Channel 227A at Tioga, Pennsylvania, so as to allow the upgrading of Station WJSA-FM from Channel 228A to Channel 227B1 (MM Docket 88-496, 3 FCC Rcd 6116 (1988)). It points out that Channel 234A cannot be allotted to both Covington and Tioga since the communities are situated only 19 kilometers apart instead of the required 105 kilometers for co-channel Class A allotments. Covenant states that it supports the allotment of a first local FM service to Covington if it does not conflict with the proposed upgrade at Jersey Shore. Therefore, to resolve the conflict, Covenent suggests that either Channel 229A or 268A be considered for allotment to Tioga.

3. Clark, an applicant for Channel 227A at Tioga, Pennsylvania (BPH-880714NR), requests the allotment of Channel 268A in lieu of Channel 234A at Covington. In addition, she requests that Channel 234B1 in lieu of Channel 234A be substituted for Channel 227A at Tioga.[1] In reply comments, Covenant also supports the allotment of Channel 268A to Covington.

4. Petitioner urges the allotment of Channel 234A rather than Channel 268A to Covington. In support, she states that use of Channel 268A may prevent use of some possible sites to the east and southeast of the community due to the need to protect Station WGBI-FM, Channel 267B, Scranton, Pennsylvania, thus reducing site selection for the new station. Instead, she requests that Channel 268A or Channel 268B1 be allotted to Tioga to satisfy Clark's desire for a B1 allotment there.

5. Based upon the record before us, we believe the public interest would be served by allotting Channel 268A to Covington, Pennsylvania, as the community's first local FM service. Channel 268A can be allotted to Covington in compliance with the Commission's minimum distance separation requirements without the imposition of a site restriction.[2] In addition, the allotment of Channel 268A, rather than Channel 234A, will avoid a conflict with the Jersey Shore proceeding and thus the need to comparatively consider this request along with the other pending proposals in MM Docket 88-496. Therefore, the allotment of Channel 268A could enable Covington to receive its first local service at an earlier date. We find that petitioner's opposition to the allotment of Channel 268A based on the unsupported statement that use of the alternate channel "may reduce site selection" is insufficient to justify a preference for Channel 234A.

6. Accordingly, pursuant to the authority contained in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61, 0.204(b) and 0.283 of the Commission's Rules, IT IS ORDERED, That effective **September 11, 1989,** the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, IS AMENDED, with respect to the community listed below, to read as follows:

City	Channel No.
Covington, Pennsylvania	268A

7. The window period for filing applications will open on **September 12, 1989,** and close on **October 12, 1989.**

8. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

9. For further information concerning this proceeding, contact Leslie K. Shapiro, Mass Media Bureau, (202) 634-6530.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

FOOTNOTES

[1] Clark subsequently withdrew her request for the allotment of Channel 234B1. *See, Lafayette, Louisiana*, 2 FCC Rcd 7303 (1987).

[2] The coordinates for this allotment are North Latitude 41-44-41 and West Longitude 77-04-39.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 88-503

In the Matter of

Amendment of Section 73.202(b), RM-6422
Table of Allotments,
FM Broadcast Stations.
(Bowling Green, Virginia)

REPORT AND ORDER
(Proceeding Terminated)

Adopted: July 7, 1989; Released: July 26, 1989

By the Chief, Allocations Branch:

1. Before the Commission for consideration is the *Notice of Proposed Rule Making*, 53 FR 44210, November 2, 1988, proposing the allotment of Channel 245A to Bowling Green, Virginia, as that community's first local FM service at the request of Rappahannock Communications Group (petitioner). Petitioner filed supporting comments restating its intention to apply for the channel.

2. We believe the public interest would be served by the allotment of Channel 245A to Bowling Green, as that community's first local FM service. Channel 245A can be allotted to Bowling Green in compliance with the Commission's minimum distance separation requirements with a site restriction of 1.8 kilometers (1.1 miles) south of the city.[1] The restriction is necessary in order to avoid a short spacing to Station WASH(FM), Channel 246B, Washington, D.C.

3. Accordingly, pursuant to the authority contained in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61, 0.204(b) and 0.283 of the Commission's Rules, IT IS ORDERED, That effective **September 11, 1989,** the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, IS AMENDED for the community listed below, to read as follows:

City	Channel No.
Bowling Green, Virginia	245A

4. The window period for filing applications will open on **September 12, 1989,** and close on **October 12, 1989.**

5. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

6. For further information concerning this proceeding, contact Patricia Rawlings, Mass Media Bureau, (202) 634-6530.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

FOOTNOTE

[1] The restricted site coordinates are 38-02-03 and 77-21-12.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 87-605

In the Matter of

Amendment of Section 73.202(b),	RM-6037
Table of Allotments,	RM-6217
FM Broadcast Stations.	
(Bismarck and Danville, Illinois)[1]	

REPORT AND ORDER
(Proceeding Terminated)

Adopted: July 7, 1989; Released: July 26, 1989

By the Chief, Allocations Branch:

1. Pursuant to the request of Randolph V. Bell (petitioner) the Commission has before it for consideration the *Notice of Proposed Rule Making*, 3 FCC Rcd 234 (1988), proposing the allotment of Channel 225A to Bismarck, Illinois, as the community's first local FM service. Petitioner filed comments and reply comments supporting the allotment. Tak Communications, Inc. ("Tak"), licensee of Radio Station WKIO, Channel 280A, Urbana, Illinois, filed comments in opposition. Allan M. Thomann ("Thomann"), General Manager of Station WITY(AM), Danville, Illinois, (RM-6217) filed a counterproposal[2] seeking the allotment of Channel 225A to Danville, Illinois as a third service.

2. In his counterproposal, Thomann alleges that Bismarck lacks the requisite indicia for community status. He argues that Bismarck is an unincorporated crossroads having a population of less than 1,000 persons, located approximately nine miles north of Danville. According to Thomann the 1980 U.S. Census contains no discrete listing for Bismarck, there is no significant commercial activity in Bismarck, and there is no local governmental activity. Thomann states that Bismarck's few residents are totally dependent upon Vermilion County for governmental services.

3. Thomann argues that it is highly unlikely that a station operating on Channel 225A in compliance with the Commission's spacing requirements would be able to provide the requisite 3.16 mv/m "city-grade" service to Bismarck. In addition, Tak contends that the proposed reference point for Bismarck is located within the city limits of Danville, and the use of the Danville reference coordinates will not offer city grade coverage to Bismarck.[3] In its comments Tak also states that the allotment of Channel 225A to Bismarck would impose a conflict with a pending proposal to upgrade Channel 223B1 at Urbana in another rule making proceeding, MM Docket No. 86-252. Tak contends that the assignment of Channel 225A to Bismarck will reduce the site restricted area available for the location of a transmitter for Channel 223B1 at Urbana.[4]

4. In his reply comments, petitioner notes that there are three schools in Bismarck, Bismarck Grade School, Bismarck Junior High School and Bismarck High School, which are a part of the Bismarck-Henning School District.

5. Petitioner submitted a Petition to Accept Late Comments suggesting Channel 235A as an alternate channel for allotment to Danville, Illinois, as a third service. A staff engineering analysis indicates that Channel 235A can be allotted to Danville consistent with the minimum distance separation requirements with a site restriction of 11.9 kilometers (7.4 miles) east to avoid a short-spacing to Champaign, Illinois, Channel 233B.[5]

6. Since it has been determined that alternate Channel 235A is available for allotment to Danville, a comparative study for Channel 225A will not be necessary. However, we will not allot Channel 225A to Bismarck. The information submitted was inadequate to establish community status for Bismarck.

7. Danville, Illinois, the principal City and County Seat of Vermilion County, is listed in the 1980 Census with a population of 38,985. We believe that the public interest would be served by allotting Channel 235A to Danville, Illinois, as the community's third service. The allotment can be made in compliance with the minimum distance separation requirements of Section 73.207 of the Rules with a site restriction.

8. Accordingly, pursuant to the authority contained in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61, 0.204(b) and 0.283 of the Commission's Rules, IT IS ORDERED, That effective **September 11, 1989,** the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, IS AMENDED for the community listed below, to read as follows:

City	Channel No.
Danville, Illinois	235A, 256B, 271B

9. The window period for filing applications will open on **September 12, 1989,** and close on **October 12, 1989.**

10. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

11. For further information concerning this proceeding, contact Nancy J. Walls, Mass Media Bureau, (202) 634-6530.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

FOOTNOTES

[1] The community of Danville, Illinois has been added to the caption.

[2] Public Notice of the counterproposal was given on April 1, 1988, Report No. 1720 (RM-6217).

[3] A staff engineering analysis indicates that Channel 225A can be allotted to Bismarck, Illinois, at Bismarck city reference coordinates 40-15-48 and 87-36-36 in compliance with the Commission's minimum distance separation.

[4] We will reject Tak's comments in opposition to the allotment of Channel 225A to Bismarck, Illinois. In view of our determination in this proceeding, Tak's comments are moot.

[5] The coordinates for Channel 235A at Danville, Illinois are 40-08-15 and 87-28-55.

Before the
Federal Communications Commission
Washington, D.C. 20554

In re Applications of

RKO GENERAL, INC. (WOR) New York, New York	**MM DOCKET NO. 84-1122** File No. BR-177
For Renewal of License	
MAGNA MEDIA CORPORATION New York, New York	**MM DOCKET NOS. 84-1123 to 84-1124, 84-1126, 84-1128, 84-1132 to 84-1133**
et al.	
For Construction Permit for a new AM Station	
S/G COMMUNICATIONS Assignor	
and	File No. BAL-890420EA
GRADH-107, INC. as owned by BUCKLEY-WOR BROADCASTING CORPORATION Assignee	
For Consent to Assignment of License for WOR	
and Related Application	File No. BL-890420AG

MEMORANDUM OPINION AND ORDER

Adopted: July 14, 1989; Released: July 26, 1989

By the Commission: Commissioner Dennis dissenting and issuing a statement.

1. Before the Commission are: (1) Joint Petition for Approval of Settlement Agreement and Related Relief filed April 20, 1989 by RKO General, Inc., Magna Media Corporation, Freedom Broadcasting Corporation, South Jersey Radio, Inc., Women Owning Radio, Inc., S/G Communications, COZZIN Communications Corporation, and Buckley-WOR Broadcasting Corporation; and (2) Comments filed May 30, 1989 and June 27, 1989 by the Mass Media Bureau.

2. In their Joint Petition the parties propose to settle this comparative renewal proceeding. The main features of the proposed settlement are: (1) RKO's renewal application for station WOR would be dismissed; (2) the mutually exclusive applications of Magna, South Jersey, Freedom, Women, and COZZIN would be dismissed; (3) S/G's mutually exclusive application for WOR would be granted; (4) S/G would assign the license for WOR to GRADH-107, Inc. (this corporation is currently a subsidiary of RKO; its ownership would be transferred to Buckley upon consummation of the settlement); (5) Buckley would acquire the physical and other assets of WOR (RKO would transfer these assets to GRADH-107). Under the agreement Buckley would pay RKO $24,000,000, of which RKO would pay $7,425,000 to the other applicants, and Buckley would also pay $1,500,000 (in addition to the $24,000,000) directly to principals of the competing applicants.[1]

3. The parties contend that their settlement would serve the public interest by avoiding further burdensome litigation in this case and by helping to resolve the protracted and complex set of interrelated proceedings originally involving 14 RKO-owned stations, including WOR. RKO's basic and comparative qualifications have been at issue in this series of proceedings for more than 24 years.[2] The parties also contend that approval of the agreement will put WOR into the hands of an unarguably qualified licensee that would not suffer the same uncertainties as to its future as RKO does. The parties have submitted affidavits stating that they filed their applications in good faith and not for the purpose of reaching or carrying out a settlement agreement. The Bureau interposed no objections to approval of the settlement.

4. We have fully considered and approved a settlement agreement similar to the instant one in the KHJ-TV, Los Angeles, California proceeding (Docket Nos. 16679-80). *RKO General, Inc. (KHJ-TV)*, 3 FCC Rcd 5057 (1988), appeal docketed sub nom. *Los Angeles Television, A California Limited Partnership v. FCC*, No. 88-1673 (D.C. Cir. Sept. 16, 1988).[3] We there concluded that strong public interest considerations favor settling what has become one of the most protracted and burdensome proceedings in the Commission's history. Although the circumstances in this case are not identical to those in the Los Angeles proceeding, we believe that essentially the same public interest considerations govern both proceedings. That is, we continue to believe that the public interest is better served in this case by ending this uniquely protracted litigation -- which threatens to continue for many years to come -- so that RKO can withdraw as a licensee and an unquestionably qualified licensee, able to devote its full resources to broadcasting, can take over the ownership of the stations and operate them without a cloud of uncertainty hanging over its head.

5. We also note that approving the settlement would preserve our policy of deterring licensee misconduct. RKO would not receive full compensation for the license. Under the terms of the settlement agreement, RKO would receive only 65 percent of the proceeds of the sale.[4] Further, RKO has already suffered the loss of WNAC-TV in Boston, now worth more than $400 million. And it has received substantially less than full value for ten stations sold pursuant to other settlements. In addition, RKO must either withdraw entirely from broadcasting or risk the loss of its remaining stations if the Commission finds it unqualified in Phase I of the KHJ-TV proceeding. Consistent with our disposition of the KHJ-TV agreement, therefore, and for the reasons stated more fully there and which we incorporate herein by reference, we hold that approving the agreement before us would serve the public interest.

U.S.C. § 311(d) and 47 C.F.R. § 73.3525. We note, moreover, that in a pleading filed June 27, 1989, the Bureau states that it has reviewed the assignment application and finds that the proposed assignee is qualified.

6. ACCORDINGLY, IT IS ORDERED, That the Joint Petition for Approval of Settlement Agreement and Related Relief filed April 20, 1989 IS GRANTED and the associated Agreements ARE APPROVED.[5]

7. IT IS FURTHER ORDERED, That the following applications for renewal of license and for construction permits ARE DISMISSED with prejudice: RKO General, Inc. (File No. BR-177), Magna Media Corporation (File No. BP-830427AB), Freedom Broadcasting Corporation (File No. BP-830511AF), South Jersey Radio, Inc. (File No. BP-830511AL), Women Owning Radio, Inc. (File No. BP- 830512AJ), and COZZIN Communications Corporation (File No. BP-830512BO); and that the applications of S/G Communications (File Nos. BP-830512BT, BL-890420AG) for construction permit and for license to cover the construction permit ARE GRANTED; and that the application for assignment of WOR (File No. BAL-890420EA) IS GRANTED.

8. IT IS FURTHER ORDERED. That this proceeding IS TERMINATED; the partial initial decision dealing with the qualifications of the various applicants for a construction permit (*RKO General, Inc. (WOR)*, 3 FCC Rcd 4243 (I.D. 1988)) IS VACATED as moot,[6] and that the Review Board IS DIRECTED to dismiss as moot exceptions to the partial initial decision dealing with the comparative qualifications of the various applicants.[7]

FEDERAL COMMUNICATIONS COMMISSION

Donna R. Searcy
Secretary

FOOTNOTES

[1] The payments to the other applicants would be distributed as follows:

S/G	$1,200,000
Magna (and its principals)	$1,625,000
Freedom	$ 600,000
COZZIN	$ 600,000
South Jersey (and a principal)	$ 600,000
Women	$4,300,000

[2] A detailed history of these proceedings is set forth in *RKO General, Inc. (KHJ-TV)*, 3 FCC Rcd 5057 (1988).

[3] We have also approved six settlements involving ten other RKO stations. *See RKO General, Inc. (WHBQ)*, 3 FCC Rcd 5055 (1988); *RKO General, Inc. (WGMS)*, 3 FCC Rcd 5262 (1988); *RKO General, Inc. (WRKO)*, 3 FCC Rcd 6603 (1988), *RKO General, Inc. (WOR)*, 4 FCC Rcd 4072 (1989); *RKO General, Inc. (WFYR-FM)*, 4 FCC Rcd 4083 (1989); *RKO General, Inc. (KRTH)*, 4 FCC Rcd 4089 (1989).

[4] As in *KHJ-TV*, it is significant to our approval of the agreement that RKO is receiving significantly less than 75 percent of the fair market value of the station.

[5] As they have requested, the parties may consummate the mutually contingent transactions in a single closing. Our action shall be effective with respect to the termination of the parties' hearing rights upon their notifying us of closing under those transactions.

[6] The parties request this relief, and it is customary practice. See *United States v. Munsingwear*, 340 U.S. 36, 39-40 (1950); *Boston Community Media Committee, Minority Caucus v. FCC*, 509 F.2d 516, 517 (D.C. Cir. 1975).

[7] This directive does not apply to any exceptions that may have been filed concerning the basic qualifications of COZZIN Communications Corporation, which are relevant to other pending proceedings in which COZZIN is a party.

SEPARATE STATEMENT OF COMMISSIONER PATRICIA DIAZ DENNIS

In re: Joint Petition for Approval of Settlement Agreement and related matters in the New York City radio comparative renewal proceeding (MM Docket Nos. 84-1122 *et al.)*

I dissent for the reasons explained in my dissent to the KHJ-TV settlement. *RKO General, Inc.*, 3 FCC Rcd 5057, 5067.

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

Revision of Annual Report Form M

ERRATA

Released: July 27, 1989

The Memorandum Opinion and Order in the above entitled proceeding (DA 89-503), adopted April 27, 1989, released May 12, 1989, contained errors and omissions in Attachment B. A list of corrections is attached. Additional copies may be obtained from the Commission's contractor for public records duplication, International Transcription Services, Inc., Suite 140, 2100 M Street, N.W., Washington, D.C. The contractor maintains space in Room 246 at FCC Headquarters, 1919 M Street, N.W., Washington, D.C. 20554. The telephone number is (202) 857-3800.

FEDERAL COMMUNICATIONS COMMISSION

Gerald Brock
Chief, Common Carrier Bureau

ATTACHMENT

The list of corrections to Attachment B of the Memorandum Opinion and Order adopted April 27, 1989 and released May 12, 1989, (FCC 89-503) appears below.

INSTRUCTIONS

Schedule	Instruction	Description
A-3	4	Redesignate present Instructions 4 and 5 as Instructions 5 and 6, respectively, and add new Instruction 4 to read as follows: This schedule need not be completed if the respondent includes comparable information on directors and executive officers on its SEC Form 10-K/ Annual Report and submits a copy with its Form M."
B-3c	5, line 5	The word "asets" should read "assets".
B-5a	5	The reference "(see Schedule 14a)" should read "(see Schedule B-5b)".
B-5b	6	At the end of this instruction, add the following sentence: "Other charges shall be noted and explained in a separate sheet accompanying the schedule."
B-5c	4	Delete the phrase "and for the overall operations of the respondent".
B-6a	4	Change the reference of "$1 million" to "$100,000" and delete the last sentence to this schedule.
	8	Change the reference of "$100,000" to "$10,000".
B-6b	7	This instruction should read as follows: "Additions attributable to acquisitions made during the year shall be separately identified in column (a) in the additions section of this schedule. Column (b) shall be used to report the dates on which the respondent submitted requests for approval of the transactions. Aggregate debit balances shall be recorded in column (c) and aggregate credit balances shall be reported in column (d)."
B-10	5	Delete the phrase "the face amount authorized,".
B-11	7	The reference to "column (g)" should read "column (f)". The last sentence should read as follows: "Each adjustment of $100,000 or more shall also be explained on a separate sheet."

	8	The reference to "column (h)" should read "column (g)".
B-12	7	The last sentence should read as follows: "Each adjustment of $100,000 or more shall also be explained on a separate sheet."
I-5a	6	Delete this instruction.
I-9	4	This instruction should read as follows: "Respondents shall report all charitable donations in the aggregate and payments to academia, individually. Respondents shall also report in alphabetical order the recipient and the amount paid for advertising and information services, clerical and office services, computer and data processing services, personnel services, printing and design services, and security services when payments to the recipient exceeds $250,000 during the calendar year. Respondents shall report in alphabetical order, the recipient and the amount paid for auditing and accounting services, consulting and research services, financial services, legal services and any other type of service when payments to the recipient exceeds $25,000 during the calendar year."
I-10	4	The word "nonoperting" should read "nonoperating".

STATISTICAL SCHEDULES

General Instructions-Definitions Delete General Instruction 32.

S-1	6	The reference to column (k)" should read "column (q)".
S-6	8	This instruction should read as follows: "Furnish in notes details with respect to services reported on lines 12 and 19."
	9	The reference to "line 19" should read "line 21".
	10	Delete the last sentence.

SCHEDULES

Schedule	Description
B-4	Renumber present line 14 as line 15 and add new line 14 to read as follows: "Amount included on line 2 attributable to affiliate receivables".
B-6b	The title should read as follows: "ANALYSIS OF TELECOMMUNICATIONS PLANT ADJUSTMENT (ACCOUNT 2005)". On line 10 delete the words "Schedule 13A, Column (i), Line".
B-11	On line 10 "Total Net Noncurrent Operating Income Taxes (Account 4100)" should read "Total Net Current Operating Income Taxes (Account 4100)".
B-12	On line 16 "Total Net Noncurrent Nonoperating Income Taxes (Account 4110)" should read "Total Net Current Nonoperating Income Taxes (Account 4110)".
I-5a	Renumber the lines in the top section as 1 through 19 and label line 1 as "U.S. Government" and line 19 as "Total". Renumber the lines in the bottom section as 20 through 31 and label line 20 as "Charged to Construction" and line 31 as "Net Charged to Account".
I-6	The column of this schedule designated "(b)" should be designated "(a)" and the column designated "(c)" should be designated "(b)". Move "Total" from line 4 to line 15 and "Account 7370 Special Charges" from line 5 to line 16.
I-7	The column of this scheduled designated "(d)" should be designated "(b)".
I-10	The line numbers shown on this schedule should be renumbered to run consecutively from 1 to 15.

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

Alpha Lyracom, d/b/a PAN AMERICAN SATELLITE — CSS-84-004-P(LA)

Final authority to operate an international fixed-satellite system for communication between specified geographical areas

MEMORANDUM OPINION, ORDER AND AUTHORIZATION

Adopted: July 17, 1989; Released: July 27, 1989

By the Chief, International Facilities Division:

1. In the Separate Systems decision,[1] the Commission stated that it would not issue final authority for operation of any separate system until one or more foreign authorities had authorized use of the system and the Department of State had informed the Commission that the United States had fulfilled its obligations under Article XIV(d) of the INTELSAT Agreement. The Commission's authorizations to separate system applicants have been so conditioned. By this order we find that Alpha Lyracom d/b/a Pan American Satellite (PAS) has fulfilled these conditions with respect to the countries specified below and may begin to operate its facilities for communications to those countries.

2. PAS has previously been authorized to construct and operate a subregional Western Hemisphere satellite system,[2] which includes eighteen 4/6 GHz transponders and six 11/14 GHz transponders as its initial satellite at the 45 degree W.L. orbital location.[3] On September 30, 1987, the Commission authorized PAS to begin operation of its five 4/6 GHz transponders on the PAS-1 satellite for communications between the United States and Peru;[4] and on October 28, 1988, the Commission also authorized PAS to operate its five 4/6 GHz transponders on the PAS-1 satellite to provide communications capacity between the United States and the Dominican Republic and Costa Rica, and to operate its six 11/14 transponders on the PAS-1 satellite to provide communication capacity between the United States and the United Kingdom, Ireland, Federal Republic of Germany, Sweden and Luxembourg.[5]

3. On April 25, 1989, we received a letter from the Department of State informing us that all U.S. international consultative and informative obligations under Article XIV(d) of the INTELSAT Agreement with respect to the proposed PAS services to France, Monaco, Brazil, Guatemala and Honduras have been fulfilled.

4. Accordingly, IT IS ORDERED that the conditions for final authorization imposed on PAS' conditional construction permit have been satisfied and PAS may proceed to operate:

1) five 4/6 GHz transponders on the PAS-1 satellite to provide communications capacity between the United States and Brazil, Guatemala and Honduras consistent with the INTELSAT consultations completed by the Eleventh Assembly of Parties and the 79th Board of Governors, and

2) six 11/14 GHz transponders on the PAS-1 satellite to provide communications capacity between the United States and France and Monaco consistent with the INTELSAT consultation completed by the Eleventh Assembly of Parties and 79th Board of Governors.[6]

5. IT IS FURTHER ORDERED that the operation of PAS' system is restricted to the provision of capacity through the sale or long-term lease of transponder capacity for communications not interconnected with the public-switched message networks (except for emergency restoration service).

6. IT IS FURTHER ORDERED that this authorization only applies to the provision of communications capacity between the United States and the countries specified in paragraphs 2 and 4 above. Any communications between the United States and other locations, as well as the provision of capacity for domestic communications within Latin American countries, will require additional consultation under Article XIV.

7. IT IS FURTHER ORDERED that the authority granted herein is specifically conditioned on operation of the PAS network in accordance with the parameters summarized and conditions described in Attachment No. 1 to AP-11-10E, "Report by the Board of Governors to the Eleventh Assembly of Parties Pursuant to Article XIV(d) on the PanAmSat Network" (February 1987).

8. IT IS FURTHER ORDERED that the Commission will retain jurisdiction over the use of all space segment within the PAS system to ensure compliance with the restrictions stated above.

9. IT IS FURTHER ORDERED that prior to use of any other transponders on the satellite, or use of the satellite for communications to or from any points other than those specified in paragraphs 2 and 4, PAS shall obtain further authority from the Commission: and prior to use of the satellite for communications to or from any INTELSAT country other than those listed above, PAS shall receive verification from that country that it has fulfilled its obligation under Article XIV(c) or (d) of the INTELSAT Agreement and PAS shall forward such verification to the Commission.

10. IT IS FURTHER ORDERED that, except as specified herein, the terms and conditions specified in PAS' construction authority still apply.

11. This order is issued under Section 0.291 of the Commission's rules and is effective upon release. Petitions for reconsideration under section 1.106 or applications for review under Section 1.115 of the Commission's rules may be filed within 30 days of the date of public notice of this order (*See* Section 1.4(b)(2)).

FEDERAL COMMUNICATIONS COMMISSION

George S. Li
Chief, International Facilities Division
Common Carrier Bureau

FOOTNOTES

[1] Establishment of Satellite Systems Providing International Communcations, 101 FCC 2d 1046, 1178 (1985).

[2] Pan AmericanSatellite Corporation, 101 FCC 2d 1318 (1985).

[3] Pan American Satellite Corporation, FCC 86-257 (released May 21, 1986).

[4] Pan American Satellite, 2 FCC Rcd 7011 (1987).

[5] Pan American Satellite, 3 FCC Rcd 6474 (1988).

[6] *See* INTELSAT Assembly of Parties Record of the Eleventh (Extraordinary) Meeting, AP-11-3-E (April 1987), and INTELSAT Board of Governors' Record of 79th Meeting, BG-79-3E (March 1989).

Before the
Federal Communications Commission
Washington, D.C. 20554

In re applications of

SPECIAL MARKETS MEDIA, INC. For a NEW FM facility in Raleigh, NC	File No. BPH-860703MH
SOUTHERN TWIN CITIES AREA RADIO, INC. For a NEW FM facility in Lakeville, MN	File No. BPH-860317ML
LOPEZ RADIO, INC. For a NEW FM facility in Corydon, IN	File No. BPH-860221MO
PRUITT AND OWEN For a NEW FM facility in Corydon, IN	File No. BPH-860218MQ
WILLIAM SAUNDERS AND JUANITA W. LaROCHE d/b/a LA - SAUN COMMUNICATIONS For a NEW FM facility in Charleston, SC	File No. BPH-860203NZ
DOT BROADCASTING, LIMITED PARTNERSHIP For a NEW FM facility in Charleston, SC	File No. BPH-860203OH

MEMORANDUM OPINION AND ORDER

Adopted: July 13, 1989; Released: July 27, 1989

By the Commission:

1. The Commission has before it the following pleadings: a Petition for Reconsideration filed August 18, 1988, by Special Markets Media, Inc. ("Special Markets"); a Petition for Reconsideration and Acceptance *Nunc Pro Tunc* filed April 25, 1988, by Southern Twin Cities Area Radio, Inc. ("Southern Twin"); a Petition for Reconsideration filed January 29, 1988, by Lopez Radio, Inc. ("Lopez"); an Application for Review filed January 6, 1988, by Pruitt and Owen ("P & O"); a Petition for Reconsideration filed February 16, 1988, by William Saunders and Juanita W. LaRoche d/b/a La-Saun Communications ("La-Saun"); and an Application for Review filed February 16, 1988, by Dot Broadcasting Limited Partnership ("Dot"). These pleadings will herein be referred to collectively as "the petitions" and the petitioners will herein be referred to collectively as "the applicants" unless specifically referred to by name. Other applicants in each of the above-captioned proceedings filed timely pleadings in opposition to each of the subject petitions.[1]

2. All of the above applicants had applications for construction permits returned by the Chief, FM Branch, Audio Services Division, Mass Media Bureau, as not acceptable for filing for proposing transmitter sites which were short-spaced to the buffer-zone protection afforded nearby substandard Class C stations.[2] All applicants thereafter filed timely Petitions for Reconsideration of the return of their applications. All of the Petitions for Reconsideration were subsequently denied in Orders designating the respective proceedings for comparative hearing.[3]

3. The applicants argue, *inter alia*, that the *Memorandum Opinion and Order* in BC Docket 80-90, 97 FCC 2d 279 (1984) ("*Reconsideration Order*") wherein the Commission adopted the temporary 16 kilometer buffer-zone, spoke only in terms of providing a buffer-zone to protect stations operating below the Class C minimum from new *allotments* but did not mention that applications for FM *assignments* would also be required to protect the buffer-zone.[4] Accordingly, the applicants argue that it was not sufficiently clear that applicants for assignments were required to give the additional protection to stations protected by the buffer-zone.

4. We have reviewed the subject petitions and proceedings in Docket 80-90 and believe that the applicants reasonably assumed that the buffer-zone requirement did not apply to them because the *Reconsideration Order* addressed allotments only and did not specify whether assignments for those new allotments must also protect the buffer-zone. Given the drastic consequence of failing to provide the additional 16 kilometers of protection (*i.e.*, return of the application with no opportunity to correct the deficiency) we believe the *Reconsideration Order* failed to provide a clearly articulated and unambiguously stated standard for acceptance of applications for assignments. *See Salzer v. FCC*, 778 F.2d 869 (D.C. Cir. 1985) (Fundamental fairness requires that the more exacting the application standard, the greater the Commission's obligation to be explicit about any prerequisites for consideration). While the oppositions to the subject pleadings maintain that the applicants had sufficient notice of the buffer-zone requirement, they do not refute the applicants' contention that the *Reconsideration Order* spoke only in terms of allotments and made no mention of assignments. Therefore, the applicants in the instant proceeding should not have had their applications returned. Accordingly, the staff will be directed to reinstate the subject applications and provide for expedited processing and, if they are otherwise acceptable for filing, issue a supplemental Hearing Designation Order consolidating the applications for hearing in the appropriate docketed proceedings. Although some of these proceedings have been terminated,[5] any authorizations granted therein cannot, as a matter of law and Commission application processing policy, become final until any outstanding appeals have been adjudicated. *See Word of Life Ministries, Inc.*, 3 FCC Rcd 2060 (Rev. Bd. 1988); *Meridian Communications*, 2 FCC Rcd 5904 (Rev. Bd. 1987). Thus, in those proceedings that have already been terminated, it will be necessary to reopen the record and the respective Administrative Law Judges are hereby authorized to do so. Fur-

ther, to the extent that any cases are pending before the Review Board, the Board is directed to act in accordance with this ruling.

5. The application of Lopez, however, was also returned as patently not in accord with Commission Rules pursuant to 47 C.F.R. § 73.3566(a) for proposing an antenna height which exceeds the maximum effective radiated power (ERP)/height above average terrain (HAAT) combination allowed for a Class B station in violation of 47 C.F.R. § 73.211(b)(1)(ii) of the Commission's Rules.[6] Lopez argues that it should have been allowed to file a currative amendment citing *Cynthia Escajeda Cart*, 2 FCC Rcd 4780 (M.M. Bur. 1987), wherein an applicant, Tropic-Air, Ltd. ("TAL"), was allowed to amend to correct an ERP/HAAT combination which exceeded the maximum allowed under § 73.211(b)(2). Lopez argues it should likewise be allowed to amend. There is, however, an important distinction between the proposals of Lopez and TAL. Lopez's application proposed to utilize the maximum ERP for its Class (*i.e.*, 50 kW) at an antenna height exceeding the maximum allowed for a Class B station. However, TAL proposed an antenna height exceeding the 600 meter maximum allowed for a Class C station but, in accordance with the provisions of § 73.211(b)(2),[7] reduced the ERP so that the distance to the 1 mV/m contour would extend no further than if the station were operating with the maximum ERP/HAAT combination for its class. Section 73.211(b)(2) provides a method for derating the ERP of a station with an overheight antenna utilizing the propagation curves in Figure I of 47 C.F.R. § 73.333. There is, however, some imprecision inherent in manually ascertaining from the Commission's propagation curves the exact radiation value corresponding to the maximum ERP permitted under § 73.211(b). Thus, where applicants, such as TAL, attempt to comply with the rule but slightly exceed the maximum ERP allowed for their antenna and the minimal nature of the defect can be attributed to the imprecision inherent in manually ascertaining from the propagation curves the maximum ERP allowed, amendments have been permitted to correct the minor deficiency. In the instant case, however, there was no attempt to comply with the rule by derating the ERP and the defect in Lopez's proposal cannot be attributed to any imprecision inherent in trying to ascertain the maximum ERP corresponding to the HAAT proposed in its application. Lopez simply proposed an overheight antenna and the maximum ERP allowed for any Class B facility. The rule is clear and unambiguous that when an applicant proposes an antenna HAAT which exceeds its class maximum, as both TAL and Lopez did, that applicant must propose an ERP at less than its class maximum, as TAL did and Lopez did not. Therefore, dismissal of Lopez's application does not result in disparate treatment of similarly situated applicants. Accordingly, the Petition for Reconsideration filed by Lopez will herein be denied in part and, therefore, Lopez's application will not be reinstated.

6. For the reasons set forth herein, IT IS ORDERED THAT the petitions for reconsideration filed by Special Markets, Southern Twin, La-Saun and the applications for review filed by P&O and Dot are HEREBY GRANTED and their respective applications ARE REINSTATED. IT IS FURTHER ORDERED THAT these applications shall be given expedited consideration. IT IS FURTHER ORDERED THAT the petition filed by Lopez IS GRANTED IN PART AND DENIED IN PART.

FEDERAL COMMUNICATIONS COMMISSION

Donna Searcy
Secretary

FOOTNOTES

[1] On August 31, 1988, Bernard Dawson and Peebles Broadcasting Company each filed an Opposition to Special Markets Petition for Reconsideration; Harrison County Broadcasting Company on February 11, 1988, filed an Opposition to Petition for Reconsideration against Lopez; Corydon Broadcasters Limited, on January 15, 1988, filed an Opposition to Application for Review against P & O; and Gemini Broadcasters, Inc. on February 11, 1988, filed an Opposition to Petition for Reconsideration against La-Saun. Henry R. Malloy, Jr., Gayle M. Gjovik and Gemini Broadcasters, Inc. filed Oppositions against Special Markets, Southern Twin and Dot, respectively. Pursuant to Sections 1.45(a) and 1.106(g) of the Commission's Rules, these pleadings were late-filed. Accompanying each pleading was a Motion For Leave to Submit Late-Filed Opposition to Petition For Reconsideration. The parties have failed to demonstrate good cause for acceptance of a late filed pleading. Accordingly, we deny the Motions for Leave to Submit Late-Filed Opposition and do not consider the untimely oppositions herein.

[2] The "buffer-zone" was an additional 16 kilometers of protection (beyond the minimum distance separation requirement provided for in 47 C.F.R. § 73.207) temporarily afforded Class C stations operating with facilities less than the Class C minimum established in the *Report and Order* in BC Docket 80-90, 94 FCC 2d 152 (1983) ("*Initial Order*"). The purpose of this extra protection, which was in effect from March 1, 1984 to March 1, 1987, was to allow these stations some flexibility should they need to move in order to upgrade to meet the Class C minimum. If the protected station did not upgrade within the allotted time, it would be reclassified to a lower class.

[3] *See Henry R. Malloy*, 3 FCC Rcd 4375 (M.M. Bur. 1988) (Order designating applicants for Hearing in MM Docket No. 88-306); *Old Eureka Broadcasting, Inc.*, 3 FCC Rcd 1682 (M.M. Bur. 1988) (Order designating applicants for Hearing in MM Docket No. 88-93); *Corydon Broadcasters Limited*, 2 FCC Rcd 7521 (M.M. Bur. 1987) (Order designating applicants for Hearing in MM Docket No. 87-559); *Sue A. Underwood*, 3 FCC Rcd 153 (M.M. Bur. 1988) (Order designating applicants for Hearing in MM Docket No. 87-573).

[4] The *Initial Order*, *supra*, clearly defined "allotments" and "assignments:"

> According to the definitions adopted at the 1979 World Administrative Radio Conference (WARC) of the International Telecommunications Union, the term "allotment" rather than "assignment" more closely identifies the designation of a frequency or channel for use by a specific geographic area. Assignment is the authorization of a radio frequency [or] channel for use by an entity under specific conditions.

94 FCC 2d at 184-85. By these definitions, petitions for Rule Making are, in essence, applications for allotments and applications for construction permits are applications for assignments. All of the subject applications are applications for an assignment.

[5] In the Corydon, Indiana proceeding (MM Docket No. 87-559), the presiding Administrative Law Judge issued an *Initial Decision*, FCC 89D-5, on February 14, 1989. In the Lakeville, Minnesota proceeding (MM Docket No. 88-93), a settlement agreement has been submitted which is conditioned upon denial of Southern Twin's petition for reconsideration. In the Charleston, South Carolina proceeding (MM Docket No. 97-573), a settlement agreement was approved by the Presiding Administrative Law Judge on March 13, 1989, FCC 89M-824.

[6] 47 C.F.R. § 73.211(b)(1)(ii) states in pertinent part:

> If a station's ERP is equal to the maximum for its class, its antenna HAAT *must not exceed* the reference HAAT, regardless of the reference distance. (Emphasis added)

[7] 47 C.F.R. § 73.211(b)(2) states in pertinent part:

> If a station has an antenna HAAT greater than the reference HAAT for its class, its ERP must be lower than the class maximum such that the reference distance does not exceed the class contour distance.

Before the
Federal Communications Commission
Washington, D.C. 20554

PR Docket No. 88-373

In the Matter of

Amendment of Part 90 of the Commission's Rules to Permit Business Radio Use of Certain Channels in the 150 MHz Band — RM-6276

REPORT AND ORDER
(Proceeding Terminated)

Adopted: July 13, 1989; Released: July 27, 1989

By the Commission:

I. INTRODUCTION

1. On July 20, 1988, the Commission adopted a *Notice of Proposed Rule Making* (*Notice*) in this proceeding to promote more intensive use of private land mobile spectrum in the 150-170 MHz (150 MHz) band.[1] The *Notice* proposed removing restrictions on the currently existing 15 kHz offset channels in this band to enable their use by the Business Radio Service in the continental United States. In the alternative, we proposed to divide these channels between the Business Radio and the Taxicab Radio Service. The *Notice* also proposed the creation of new offset channels adjacent to Business Radio frequencies. We further proposed to make available offset channels to the Business Radio Service in Puerto Rico and the Virgin Islands. In addition, the *Notice* discussed various options for increasing the number of high power paging channels in the Business Radio Service. We also questioned whether we should continue to use the list of cities developed from the 1950 Census in the assignment of certain channels in the 150 MHz band.

2. By this *Report and Order*, we are allowing use on a nationwide basis of existing 15 kHz offset channels in the 150 MHz band by both the Business Radio Service and the Taxicab Radio Service. In Puerto Rico and the Virgin Islands, we are providing for Business Radio use of new offset channels as well as additional high power paging channels. With regard to high power paging in the contiguous United States, we are not adopting either the proposal to allocate some offset channels for such operation or the proposal to increase the maximum power allowed on channels already reserved for paging. Finally, we will continue to use the list of cities developed from the 1950 Census data when licensing Taxicab and Business Radio users on the 150 MHz channels geographically shared by these two services.

II. BACKGROUND

3. Prior to 1971, private land mobile channels in the 150 MHz band were spaced at 30 kHz. In 1971, the Commission permitted all but one private land mobile radio service to use channels centered between existing channels, *i.e.*, 15 kHz adjacent to the original channels (offset channels).[2] This decision recognized, however, that 15 kHz channel spacing raises concerns about adjacent channel interference. The Commission, therefore, adopted an adjacent channel minimum mileage separation requirement for stations operating on channels spaced at 15 kHz.[3]

4. The existing 30 kHz channels were intermixed among the various radio services. In some cases, adjacent channels were in the same radio service, while in other cases, adjacent channels were assigned to different radio services. This allocation scheme made it difficult to assure that proposed stations on the offset channels would meet the minimum mileage requirements prescribed by our Rules. Before a license on these offset frequencies could be granted, most of the radio services required frequency coordination either by a recognized frequency coordinator or by a field study performed by the applicant. In cases in which existing channels were in the same radio service, only one frequency coordinator would be involved in checking the proposed station for compliance with the separation requirements. For those cases in which the adjacent existing channels were assigned to different radio services, two or more coordinators would have to concur to the licensing of a new station.

5. This allocation system worked rather well, except that from 1971 until 1986 channels in the Business Radio Service did not require coordination. For this reason, the Commission decided not to allow use of any offset channel adjacent to a Business Radio Service channel, as reliable coordination would be difficult. Channels in the 150 MHz band used by the Business Radio Service are therefore separated by 30 kHz. Several frequencies in that band, specifically 152.300 MHz, 152.360 MHz, 152.420 MHz, 157.560 MHz, 157.620 MHz, and 157.680 MHz, are shared geographically between the Taxicab Radio and the Business Radio Services. Frequencies offset from those shared between these two services are allocated solely to the Taxicab Radio Service, but only for use in Standard Metropolitan Areas (SMAs) having populations greater than 50,000 according to the 1950 census. The offset channels not available outside the SMAs are adjacent on one side to channels assigned nationwide to the Taxicab Radio Service. On the other side, those offset channels are adjacent to frequencies assigned to the Taxicab Radio Service inside the SMAs and to the Business Radio Service outside the SMAs. This arrangement for the channels at 152 MHz is depicted in the table below with the subject 15 kHz offset channels in bold. A similar arrangement exists for corresponding channels at 157 MHz.[4]

Channel:	**Assigned to:**
152.270 MHz	Taxicab nationwide
152. 285 MHz	**Taxicab inside SMAs - not available outside SMAs**
152.300 MHz	Taxicab inside SMAs- Business Outside SMAs

152.315 MHz	**Taxicab inside SMAs - not available outside SMAs**
152.330 MHz	Taxicab nationwide
152.345 MHz	**Taxicab inside SMAs - not available outside SMAs**
152.360 MHz	Taxicab inside SMAs- Business Outside SMA
152.375	**MHz Taxicab inside SMAs - not available outside SMAs**
152.390 MHz	Taxicab nationwide
Channel:	**Assigned to:**
152.405 MHz	**Taxicab inside SMAs - not available outside SMAs**
152.420 MHz	Taxicab inside SMAs- Business Outside SMAs
152.435 MHz	**Taxicab inside SMAs - not available outside SMAs**
152.450 MHz	Taxicab nationwide

6. In 1986, we certified the National Association of Business and Educational Radio, Inc. (NABER) as the frequency coordinator for the Business Radio Service and required it to provide frequency recommendations for most Business Radio Service applications, including, for the first time, applications for the 150 MHz band.[3] Although congestion in the 150 MHz band still exists, because the Business Radio Service now requires coordination in the 150 MHz band we believe assignment of the offset frequencies (indicated above in bold) outside the SMAs is now possible as a result of now coordinating the Business frequencies. Consequently, we are now able to remove restrictions that apply to the subject offset channels and permit their expanded use by private land mobile entities.

III. ISSUES/DISCUSSION

7. We have four issues before us in this proceeding:

- Should new 15 kHz offset channels be created adjacent to Business Radio frequencies in the 150 MHz band and, if so, to which radio service(s) should such channels be assigned?

- Should additional use of the 12 existing offset frequencies in the 150 MHz band be permitted and, if so, which radio service(s) should benefit from the expanded geographical use of these channels?

- Should the Commission allow high power paging on either offset channels or existing low power Business Radio Service paging channels?

- Should the list of cities based on population data from the 1950 census continue to be used in the assignment of 150 MHz channels?

Each of these issues will be discussed and resolved below. Where relevant, the comments and reply comments submitted by parties responding to the *Notice* will be presented.[6]

Issue 1: Should new offset channels be created adjacent only to Business Radio frequencies in the 150 MHz band and, if so, to which radio service(s) should such channels be assigned?

8. *Proposal.* In the *Notice*, we raised the issue of whether to create 15 kHz offset channels in the 150 MHz band that are adjacent to channels assigned to the Business Radio Service.[7] We noted that such an action could provide additional channels in the congested 150 MHz band. In presenting this option, however, we recognized that the heavy use of Business Radio Service channels in the 150 MHz band in the continental United States would limit the actual availability of the new offset channels and asked commenters to address this matter.[8] As NABER also requested establishment of new offset channels in the Virgin Islands and Puerto Rico, we also proposed to assign channels offset 15 kHz between existing Business frequencies for use in these localities.[9]

9. *Comments.* Of the 24 parties formally responding to the *Notice of Proposed Rule Making*, only a few commenters specifically address the issue of whether new offset channels adjacent to Business Radio frequencies should be created. Two parties, the International Taxicab Association (ITA) and Forest Industries Telecommunications (FIT) favor the possible use of all VHF offset channels. In particular, ITA submits that ten new offset channels (all 151 MHz frequencies) can be assigned on a nationwide basis within the Business Radio Service.[10]

10. FIT recognizes that the 15 kHz offset channels adjacent to only Business Radio Service frequencies probably will not be useful in urban areas, but believes these frequencies can be useful in remote areas where the forest products industry operates extensively.[11] Although NABER supports creating new offset channels, it recognizes the difficulties of doing so. NABER agrees with FIT that in urban areas, there are few, if any, locations where such frequencies can be utilized because distances of 10 miles from adjacent channel assignments will be virtually impossible to achieve.[12] Additionally, NABER admits that the proximity of the narrowband channels would impede the viability of such allocations.[13]

11. The issue of which service should be given the use of offset channels that are currently not available in Puerto Rico and the Virgin Islands was addressed by only a few commenters. NABER generally supports the proposed use of additional 150 MHz band frequencies in these areas by the Business Radio Service.[14] Teletech, however, opposes the allocation arguing that the offset channels should be allocated to the same radio service (neither the Business nor Taxicab Radio Service) as allocated on the mainland.[15]

12. *Discussion.* In view of the congestion of the 150 MHz band, we explored the possibility of creating new offset frequencies adjacent to only Business Radio channels. We have concluded, however, that it would not be beneficial to do so in the continental United States. We recognize the limitations imposed by interference concerns regarding the existing use of 30 kHz channels, as well as interference to narrowband operations. If assignments were created on frequencies 15 kHz removed from existing Business Radio Service frequencies, 13 additional

frequencies would become available in the continental United States. Because of adjacent channel usage, however, these frequencies would be available on a very limited basis.

13. Also to be noted in this context, assignment of these frequencies for land mobile use could severely restrict future assignment of narrowband frequencies 2.5, 7.5 and 12.5 kHz removed, thus inhibiting application of this spectrum-efficient technology to private land mobile communications.[16] In view of the Commission's desire to promote narrowband communications modes, any benefit obtained from operation on these 13 frequencies in limited geographical areas does not justify degrading the quality of existing operations and jeopardizing the viability of narrowband operations. Therefore, we conclude it is not in the public interest to create these 13 additional offset frequencies in the continental United States.

14. We are able to create 21 offset channels in Puerto Rico and the Virgin Islands. These offset channels are currently assigned in the continental United States to eligibles in the Automobile Emergency, Highway Maintenance, and Forestry Conservation Radio Services. Channel assignments differ, however, in Puerto Rico and the Virgin Islands. In those areas, the 21 subject offset channels are adjacent only to channels available to the Business Radio Service and, consequently, have been unavailable for assignment there. Because we now have a frequency coordination requirement for the Business Radio Service in the 150 MHz band, and the 150 MHz band in those areas is much less congested than in the continental United States, we are able to create and make available all 21 offset frequencies that are adjacent to Business Radio channels in Puerto Rico and the Virgin Islands.

15. Such use of these channels will not affect any other radio service because all adjacent channels are assigned to the Business Radio Service. No need has been demonstrated, nor interest taken, by any other land mobile service in utilizing these offset frequencies. Although Teletech suggests that channel allotments should be the same as on the mainland, no need in this regard was shown. Moreover, use of the offsets may be of actual benefit to eligibles in these areas because the 150 MHz band is significantly less congested in Puerto Rico and the Virgin Islands than in the continental United States. In view of this, we are adopting our proposal to provide these channels for business use.

Issue 2: Should additional use of the 12 offset frequencies adjacent to the Taxicab and Business Radio Services in the 150 MHz band be permitted and, if so, which radio service(s) should benefit from the expanded use of these offset channels?

16. *Proposal.* We proposed to remove the restrictions that apply to 12 offset channels in the 150 MHz band.[17] These 12 offset channels, representing six frequency pairs, are as follows: 152.285/157.545 MHz, 152.315/157.575 MHz, 152.345/157.605 MHz, 152.375/157.635 MHz, 152.405/157.665 MHz and 152.435/157.695 MHz. In its Petition for Rule Making that initiated this proceeding, NABER requested that Business Radio eligibles be allowed to use these particular channels outside the designated SMAs.[18] As noted above, these frequencies are utilized by the Taxicab Radio Service inside the SMAs and are unassigned outside the SMAs.

17. Both Business and Taxicab Radio eligibles demonstrated a need for additional spectrum. The *Notice* therefore proposed two options for use of the subject 12 offset channels in the continental United States. In view of the fact that taxicab companies are eligible as businesses to use channels assigned to the Business Radio Service, our first proposal was to assign all 12 subject offset channels outside the SMAs to the Business Radio Service.[19] We did express concern, however, about the ability of frequency coordination in the Business Radio Service to account for the needs of taxicab companies. In fact, we indicated that we must be assured that the Business Radio frequency coordination process has that flexibility before such a proposal could be adopted.[20] Therefore, as a second option, we proposed assigning a portion of these channels to other radio services, in particular, the Taxicab Radio Service.[21]

18. *Comments.* Except for NABER and Communications Center Inc., the many parties commenting on this issue, including a number of taxicab companies, oppose broad assignment of the 12 subject offset channels outside the SMAs to Business Radio eligibles. The International Taxicab Association (ITA), in particular, argues that the bulk of Taxicab Radio Service licensees use their channels so intensively as to make it impracticable to share those channels with non-taxicab users.[22] Furthermore, ITA contends, as do most of the other commenters, that operationally "incompatible" entities should not have to share spectrum.[23] As they note, the majority of eligibles in the Taxicab Radio Service are licensed for paired channels and operate their radio systems in two-frequency simplex mode, whereas eligibles in the Business Radio Service are licensed for only one channel and operate their radio systems in a one-frequency simplex mode. In fact, ITA believes that the subject 12 offset frequencies only should be available to eligibles in the Taxicab Radio Service.

19. In its Reply Comments, NABER argues that ITA has failed to demonstrate any need for additional 150 MHz frequencies for the Taxicab Radio Service outside of the designated SMAs.[24] It submits that the four 150 MHz channels (152.270 MHz, 152.330 MHz, 152.390 MHz and 152.450 MHz) presently allocated for taxicab use on a nationwide basis are vacant in most rural areas.[25] It further asserts that taxicab licensees on these four frequencies are primarily located in the major urban areas. NABER contends that ITA significantly overstates the number of VHF taxicab licensees.[26] In contrast, ITA submits in its reply comments that the average Taxicab Radio Service VHF channel is occupied more than 75% of the time, and taxicab radio systems in rural areas report as many as 1221 mobiles in one locale for a single channel.[27] Also, ITA contends that its specialized knowledge of the taxicab industry is essential for successful frequency coordination.[28]

20. *Discussion.* After reviewing the record in this proceeding, we conclude that the additional use of the 12 existing 150 MHz offset channels in the continental United States is both desirable and practical and thus would be in the public interest. Both Taxicab and Business Radio eligibles have demonstrated that greater use of these offsets is needed for private communications in this congested segment of the spectrum. Expanded use of these offsets should help to alleviate some of the congestion of the 150 MHz band currently experienced in many areas.

For these reasons, and as discussed more fully below, we are adopting an alternative proposed in the *Notice of Proposed Rule Making*.

21. Because we have concluded that the use of the 12 subject offset channels in the continental United States should be extended to outside the SMAs, we must resolve the issue of which service(s) will benefit from the expanded use of these frequencies. After careful consideration, we conclude that the public interest would best be served through expanded use of the 12 subject offset channels for both the Taxicab Radio and Business Radio Services. We believe such action gives recognition to the increased communications needs of Taxicab Radio users and will help to avoid a number of potential difficulties that might arise among incompatible users.

22. In this context, we note the different modes of communication utilized by these two services. As mentioned by ITA in the above discussion, most eligibles in the Taxicab Radio Service are licensed for paired channels and operate in two-frequency simplex mode. On the other hand, because of the less frequent use by each mobile unit, eligibles in the Business Radio Service are licensed for only one channel and operate their radio systems in simplex mode. Consequently, these two categories of private land mobile users to a certain extent may be operationally incompatible. Requiring them to share spectrum might prove to be an unproductive means of satisfying either of their spectrum requirements. In order to provide both Business and Taxicab Radio eligibles some relief from congestion on the 150 MHz band, we believe it desirable to assign specific offset channels outside the SMAs for use by eligibles in each service.

23. Because the Business Radio Service, however, has significantly more users than the Taxicab Radio Service, we shall provide the Taxicab Radio Service with four frequencies[29] and the Business Radio Service with eight frequencies.[30] This allows Taxicab Radio eligibles to pair these frequencies in the same manner as their eight nationwide frequencies. Furthermore, the four frequencies designated in this proceeding for use by taxicab eligibles are adjacent to existing nationwide Taxicab frequencies. This will facilitate coordination of these frequencies by ITA, the frequency coordinator for this service, thus minimizing the potential for interference between adjacent channel users.

Issue 3: Should additional high power paging be allowed?

24. *Proposal*. The *Notice* proposed to designate two offset channels for high power paging in the continental United States and to designate five offset channels for high power paging in Puerto Rico and the Virgin Islands because the only 150 MHz high power paging channel currently available, 152.480 MHz, is highly congested.[31] Nevertheless, we expressed concern that these high power operations have the potential to cause interference to stations operating on adjacent channels. Therefore, as an alternative, we proposed permitting high-power paging only on offset channels that are adjacent to channels already assigned to the Business Radio Service.[32] This would help minimize the interference potential to stations assigned to other radio services. Another proposal for providing additional high power paging channels to the Business Radio Service was to increase the maximum permitted power on those channels already reserved for paging operations.[33]

25. *Comments. New high power paging channels*. Only NABER, of those commenters addressing this issue, supports the proposal to designate two offset channels, which are adjacent to the Taxicab Radio Service, in the continental United States for high power (350 watts) paging.[34] It submits that although it will be necessary for assignments for paging systems on the frequencies to be carefully coordinated, such channels can be effectively and efficiently utilized by paging systems with 350 watts output without interfering with two-way voice systems.[35]

26. ITA and Gandalf Systems Group object to authorizing high power paging operations in the Business Radio Service on offset channels adjacent to the Taxicab Radio Service channels, arguing that it would create harmful interference to taxi communications.[36] They submit that the public interest is not served if newly allocated paging channels destroy as much communications capacity as they create. On the other hand, ITA has no difficulty with allowing high power paging on offset channels that are adjacent only to channels already authorized in the Business Radio Service. A few other parties, such as Electrocom and Teletech, oppose allocating any new offset channels for high power paging because of interference concerns.[37] In particular, Electrocom asserts that congestion in the spectrum has caused increasingly significant levels of interference to even state-of-the-art receivers.[38]

27. *Comments. Increasing power on exisiing paging channels*. Most commenters oppose increasing transmitter power limitations on channels in the 150 MHz band already reserved for paging operations. The Special Industrial Radio Service Association, Inc. (SIRSA) submits that its members operate a large number of two way systems on channels shared with the Business Radio Service.[39] SIRSA contends that raising paging power levels would create such interference to Special Industrial two-way systems, operating not only on the same but adjacent channels, as to make them inoperable.[40] SIRSA further asserts that higher power (350 watts) paging systems would be technically and operationally incompatible with existing 75 watt two-way systems operating on a co-channel or adjacent channel basis.[41]

28. In contrast to the above commenters, NABER supports increasing to 350 watts the permitted output power on two of the three channels already reserved for paging operations (157.740 MHz and 154.625 MHz). Although NABER recognizes that the ability to create new paging systems using these two channels would be limited as a result of the proximity of adjacent channel users, it believes increasing the allowed output power of these frequencies could provide communications opportunities in many non-urban areas.[42]

29. In Reply Comments, SIRSA contends that NABER ignores the fact that existing assignments already reflect careful frequency coordination designed to accommodate transmitter power permitted by the existing rules. The proposed increase in transmitter power, argues SIRSA, will upset that design which has been constructed, recommendation by recommendation, over a period of more than twenty-one years.[43]

30. *Discussion*. After reviewing the record on this issue, we find that establishing high power paging frequencies 15 kHz adjacent to Taxicab Radio channels would be inadvisable. Such action would be likely to degrade the use of the Taxicab Radio channels because of desensitization of taxicab mobile receivers in the vicinity of high

power paging signals. With paging systems, the communications customarily are both encoded and continuous. Thus, the breaks in transmissions that occur with two way conversations, and facilitate channel sharing, are far less frequent on paging channels. It is impractical to allow additional high power transmitters within the two-way bands because the proposed channels are adjacent to existing channels in use in most metropolitan areas. In view of the potential interference to the many users in the land mobile services, we will not permit the use of any of the 12 subject offset channels for high power paging in the continental United States.

31. We also reject our alternate proposal to allow high power paging on the 13 new offset channels that would have been adjacent to channels already assigned to the Business Radio Service. Although this alternative would have the benefit of avoiding any interference to stations asigned to other radio services, we remain concerned that such high power paging could interfere with narrowband operations in the 150 MHz band.[44] While we find merit in NABER's desire to establish new high power channels at 150 MHz, we are reluctant to create another potential for interference in this congested band. In view of other options available to meet paging needs, such as the use of 450 MHz and 900 MHz paging frequencies, increasing the potential for interference in the 150 MHz band appears risky at best.

32. The *Notice* also suggested the possibility of allowing an increase in the permitted maximum power from 75 watts to 350 watts on at least one of the three channels (operating with low power) already reserved for paging operations. Because the adjacent channel relationship for 157.740 MHz is very similar to that of 152.480 MHz, which has a maximum permitted power of 350 watts, we thought increasing the power permitted on 157.740 MHz might be possible. It is not, however, a realistic option. Because of the proximity of 157.740 MHz (15 kHz removed) to non-Business Radio frequencies, as well as to a radio common carrier channel used for mobile purposes, an increase in the permitted power on this frequency would likely cause harmful interference. Nor would it be beneficial to increase the permitted power on the other two paging channels (154.625 MHz, 158.460 MHz) from 20 watts to 350 watts as this would also raise the possibility of interference to existing stations.

33. None of the above concerns regarding the interference potential of high power paging operations in the continental United States apply in Puerto Rico and the Virgin Islands. Any new paging frequencies will be adjacent to existing, less congested business channels in these areas. Therefore, the frequency coordination process can control the location as well as the assigned frequencies to minimize adjacent channel interference to two-way systems. Consequently, the potential for interference-free use of the new offset channels for high power paging in these territories is greater than in the continental United States. We believe that such paging can be conducted without creating any harmful interference to narrowband operations. We shall, therefore, allow five of the 21 offset channels being provided for use in Puerto Rico and the Virgin Islands to be utilized for high power paging.

Issue 4: Should we continue to use 1950 Census data in the assignment of frequencies geographically shared between Taxicab and Business users?

34. *Proposal.* Section 90.93(c) of the Commission's Rules, 47 C.F.R. § 90.93(c), provides that 1950 Census data be used for making assignments in the Taxicab and Business Radio Services. Specifically, the three channels in the 152 MHz band and the three channels in the 157 MHz band shared by both the Business and Taxicab Radio Services are allocated to the Taxicab Radio Service in SMAs having populations greater than 50,000 according to the 1950 census and to the Business Radio Service outside of these SMAs.[45] This standard has consistently been used in licensing Taxicab and Business users.[46] In the *Notice*, we stated that if we were to update the currently used list of SMAs whenever new census data became available, the distribution of these channels between the two services could be in a constant state of flux. Our preliminary assessment of this issue was to retain use of the 1950 Census.[47]

35. *Comments.* Only three of those commenting in this proceeding address this issue. In particular, NABER supports the continued utilization of the 1950 census data because updating the list whenever new census information becomes available would result in a constant change of channel allocations.[48] NABER further submits that should the Commission alter the list, the effect would be to limit further the available frequencies for Business Radio users in non-urban areas.[49] ITA and Teletech are opposed to this approach. ITA asserts that the Commission has disregarded the dramatic demographic changes, that is, the growth of suburbs and new cities, that have occurred in the United States since 1950 and that are continuing today.[50] ITA further submits that this growth is concentrated almost exclusively in the suburban areas and newer urban areas, the same areas to which the restrictions of Section 90.93(c) apply.[51]

36. *Discussion.* We have decided to retain the list of cities based on the 1950 Census data for making assignments in the Taxicab and Business Radio Services. The use of different data would be inadvisable and, as a consequence of our providing additional nationwide taxicab frequencies, is unwarranted. The expanded use of four offset channels for taxicab use, in addition to other frequencies currently available for this purpose, should be sufficient for the needs of taxicab eligibles. As previously noted, in licensing Taxicab and Business users on the subject 150 MHz channels, the Commission has consistently relied on a single list of cities. Updating this list whenever new census data become available would cause a constantly changing, haphazard pattern of spectrum allotments between the two services. If an area were to be eliminated from the list of SMAs, all licensees in the area would require the application of some grandfathering provision. Not only would this be unwieldy from an administrative standpoint for the Commission, but it would also be somewhat chaotic for businesses operating in these two services.

IV. FINAL REGULATORY ANALYSIS

37. Pursuant to the Regulatory Flexibility Act of 1980, the Commission's final analysis is as follows:

I. Need and purpose of this action:

The Commission believes that it should remove the restrictions that apply to certain currently existing offset frequencies in the 150 MHz band and permit their use by private land mobile entities in the continental United

States. We are also providing 21 new offset channels for use by Business radio eligibles in Puerto Rico and the Virgin Islands. This action will promote more intensive use of available private land mobile spectrum in the congested 150 MHz band by a significant number of small business and taxicab companies. Such entities will be positively affected by this decision because they now will be able to utilize more radio channels in the operation of their businesses.

II. Summary of the issues raised by the public comments in response to the Initial Regulatory Flexibility Analysis:

All those parties commenting in response to the *Notice of Proposed Rule Making* favor allowing the expanded use of existing offset channels in the 150 MHz band. No new alternatives to the options proposed by the Commission were suggested. Most parties oppose allocating all 12 offset channels to the Business Radio Service. Commenters generally favor dividing the expanded use of these offset frequencies between the Taxicab Radio and Business Radio Services. As to our proposal to assign 21 offset channels for business use in Puerto Rico and the Virgin Islands, only one commenter had any objections. Almost all commenters oppose allowing additional high power paging asserting that it would cause harmful interference to taxicab communications. Only a few commenters have addressed the issue of whether the Commission should continue to utilize the 1950 census. Two parties oppose its continued use. On the other hand, one commenter supports using the 1950 data to assure continuity in channel allocations, thus avoiding upheaval to small business entities.

III. Significant alternatives considered:

The Commission considered all the alternatives in this proceeding raised in the *Notice of Proposed Rule Making*. No other options were suggested by commenters. We considered all comments and reply comments directed to the issues, however, and have made our decisions accordingly. After having weighed the many aspects of this proceeding, as well as the need for spectrum efficiency and industry stability, the Commission has adopted the most reasonable course of action. In doing so, we have fulfilled our obligations under the Communications Act of 1934, as amended.

V. PAPERWORK REDUCTION ACT STATEMENT

38. The decision contained herein has been analyzed with respect to the Paperwork Reduction Act of 1980 and found to contain no new or modified form, information collection and/or recordkeeping, labeling, disclosure or record retention requirements, and will not increase burden hours imposed upon the public.

VI. ORDERING CLAUSES

39. Accordingly, IT IS ORDERED that pursuant to the authority contained in Sections 4(i) and 303(r) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i) and 303(r), Part 90 of the Commission's Rules, 47 C.F.R. Part 90, IS AMENDED as set forth in Appendix A below.

40. IT IS FURTHER ORDERED that this Report and Order will be effective thirty days after a summary of this action is published in the Federal Register.

41. IT IS FURTHER ORDERED that this proceeding IS TERMINATED.

FEDERAL COMMUNICATIONS COMMISSION

Donna R. Searcy
Secretary

APPENDIX A

47 C.F.R. Part 90 is amended as follows:

1. The authority citation for Part 90 continues to read as follows:

Authority: Sections 4, 303, 48 Stat., as amended, 1066, 1082; 47 U.S.C. 154, 303, unless otherwise noted.

2. 47 C.F.R. § 90.75 is amended by revising the frequency table in paragraph (b) by adding the frequencies 150.830, 150.860, 150.890, 150.920, 150.950, 151.010, 151.040, 151.070, 151.100, 151.130, 151.160, 151.190, 151.220, 151.250, 151.280, 151.310, 151.340, 151.370, 151.400, 151.430, 151.460, 152.285, 152.375, 152.405, 152.435, 157.545, 157.635, 157.665, and 157.695, together with their associated limitations, to read as follows:

§ 90.75 Business Radio Service.

* * * * *

(b) * * *

Business Radio Service Frequency Table

* * * * *

150.815	do	8
150.830	Base	8,10,12
150.845	Base or mobile	8
150.860	Base	8,10,12
150.875	Base or mobile	8
150.890	Base	8,10,12
150.905	Base or mobile	8
150.920	Base	8,10,12
150.935	Base or mobile	8
150.950	Base	8,10,12
150.965	Base or mobile	8
150.995	do	8
151.010	do	8
151.025	do	8
151.040	do	8
151.055	do	8
151.070	do	8
151.085	do	8
151.100	do	8
151.115	do	8
151.130	do	8
151.145	do	8
151.160	do	8
151.175	do	8

151.190	do	8
151.205	do	8
151.220	do	8
151.235	do	8
151.250	do	8
151.265	do	8
151.280	do	8
151.295	do	8
151.310	do	8
151.325	do	8
151.340	do	8
151.355	do	8
151.370	do	8
151.385	do	8
151.400	do	8
151.415	do	8
151.430	do	8
151.445	do	8
151.460	do	8
151.475	do	8
151.625	do	1,3

* * * * *

151.955	do	-
152.285	do	9
152.300	do	9
152.360	do	9
152.375	do	9
152.405	do	9
152.420	do	9
152.435	do	9
152.480	Base	10,11,12

* * * * *

154.625	Base	10,11,15
157.545	Base or mobile	9
157.560	do	9
157.620	do	9
157.635	do	9
157.665	do	9
157.680	do	9
157.695	do	9
157.740	Base	10,11,12,16

* * * * *

3. 47 C.F.R. § 90.93 is amended by revising the frequency table in paragraph (b) by changing the limitations for the frequencies 152.285, 152.315, 152.345, 152.375, 152.405, 152.435, 157.545, 157.575, 157.605, 157.635, 157.665 and 157.695 as follows:

§ 90.93 Taxicab Radio Service.

* * * * *

(b) * * *

Taxicab Radio Service Frequency Table

* * * * *

152.285	do	1,2
152.300	do	1,2
152.315	do	-
152.330	do	-
152.345	do	-
152.360	do	1,2
152.375	do	1,2
152.390	do	-
152.405	do	1,2
152.420	do	1,2
152.435	do	1,2
152.450	do	-
152.465	do	11
157.530	Mobile	-
157.545	do	1,2
157.560	do	1,2
157.575	do	-
157.590	do	-
157.605	do	-
157.620	do	1,2
157.635	do	1,2
157.650	do	-
157.665	do	1,2
157.680	do	1,2
157.695	do	1,2
157.710	do	-

* * * * *

4. 47 C.F.R. § 90.555 is amended by revising the frequency table in paragraph (b) by changing service and limitation entries for the frequencies 150.830, 150.860, 150.890, 150.920, 150.950, 151.010, 151.040, 151.070, 151.100, 151.130, 151.160, 151.190, 151.220, 151.250, 151.280, 151.310, 151.340, 151.370, 151.400, 151.430, 151.460, 152.285, 152.315, 152.345, 152.375, 152.405, 152.435, 157.545, 157.575, 157.605, 157.635, 157.665, and 157.695 as follows:

§ 90.555 Combined frequency listing.

* * * * *

(b) * * *

* * * * *

150.815	IB,LA	IB use only in PR/VI
150.830	IB,LA	Do, paging only
150.845	IB,LA	IB use only in PR/VI
150.860	IB,LA	Do, paging only
150.875	IB,LA	IB use only in PR/VI
150.890	IB,LA	Do, paging only
150.905	IB,LA	IB use only in PR/VI
150.920	IB,LA	Do, paging only
150.935	IB,LA	IB use only in PR/VI
150.950	IB,LA	Do, paging only
150.965	IB,LA	IB use only in PR/VI
150.980	IP	Oil spill
150.995	IB,PH	IB use only in PR/VI
151.010	IB,PH	Do.
151.025	IB,PH	Do.
151.040	IB,PH	Do.
151.055	IB,PH	Do.
151.070	IB,PH	Do.
151.085	IB,PH	Do.
151.100	IB,PH	Do.
151.115	IB,PH	Do.
151.130	IB,PH	Do.
151.145	IB,PO	Do.
151.160	IB,PO	Do.
151.175	IB,PO	Do.
151.190	IB,PO	Do.
151.205	IB,PO	Do.
151.220	IB,PO	Do.
151.235	IB,PO	Do.
151.250	IB,PO	Do.
151.265	IB,PO	Do.
151.280	IB,PO	Do.
151.295	IB,PO	Do.
151.310	IB,PO	Do.
151.325	IB,PO	Do.
151.340	IB,PO	Do.
151.355	IB,PO	Do.
151.370	IB,PO	Do.

151.385	IB,PO	Do.
151.400	IB,PO	Do.
151.415	IB,PO	Do.
151.430	IB,PO	Do.
151.445	IB,PO	Do.
151.460	IB,PO	Do.
151.475	IB,PO	Do.

* * * * *

152.270	LX	
152.285	IB,LX	IB outside, LX inside SMAs over 50,000 pop.
152.300	IB,LX	Do.
152.315	LX	
152.330	LX	
152.345	LX	
152.360	IB,LX	IB outside, LX inside SMAs over 50,000 pop.
152.375	IB,LX	Do.
152.390	LX	
152.405	IB,LX	IB outside, LX inside SMAs over 50,000 pop.
152.420	IB,LX	Do.
152.435	IB,LX	Do.
152.450	LX	

* * * * *

157.530	LX	
157.545	IB,LX	IB outside, LX inside SMAs over 50,000 pop.
157.560	IB,LX	Do.
157.575	LX	
157.590	LX	
157.605	LX	
157.620	IB,LX	IB outside, LX inside SMAs over 50,000 pop.
157.635	IB,LX	Do.
157.650	LX	
157.665	IB,LX	IB outside, LX inside SMAs over 50,000 pop.
157.680	IB,LX	Do.
157.695	IB,LX	Do.
157.710	LX	

* * * * *

APPENDIX B

Parties Filing Comments

American Petroleum Institute

Arabi Cab Company

Association of American Railroads

Bel-Mateo Enterprises, Inc.

Checker/Yellow Cabs

Communications Center, Inc.

Ed's Cab Company

Electrocom, Inc.

Farwest Taxi Cabs

Forest Industries Telecommunications

International Taxicab Association, Inc.

Jefferson Hospital

Manufacturers Radio Frequency Advisory Committee, Inc.

Metry Cab Service

National Association of Business & Educational Radio, Inc.

PacTel Paging, Inc.

See, Merrill T.

Service Cab Company

Special Industrial Radio Service Association

Tammany Cab Company

Teletech, Inc.

Teletech's Business Radio Survey

United Cabs, Inc.

Parties Filing Reply Comments

International Taxicab Association, Inc.

National Association of Business & Educational Radio, Inc.

Special Industrial Radio Service Association, Inc.

FOOTNOTES

[1] 3 FCC Rcd 4817 (1988).

[2] In the Matter of the Rules in Parts 2, 89, 91, and 93 Concerning the Use of "Tertiary," or 15 kHz channels in the 150-162 MHz band; Amendment of Part 89 to Designate Frequency 153.740 MHz as Available to the Local Government Radio Service, Report and Order, 30 FCC 2d 208 (1971).

[3] We adopted 10 and 7 mile separation requirements for stations operating on channels 15 kHz apart. *Id.* at 210. *See also*, Section 90.173(f) of the Commission's Rules, 47 C.F.R. § 90.173(f).

[4] The 157 MHz channels are contained in the band 157.530-157.710 MHz.

[5] *See* Report and Order, 103 FCC 2d 1093 (1986).

[6] The dates for submission of comments were originally September 29, 1988, and October 14, 1988, respectively. Because those deadlines did not provide interested parties with 30 days from the date of publication in the Federal Register to prepare formal comments, an Order (DA 88-1526) extended the comment and reply comment period to October 14, 1988, and October 31,1988, respectively. For good cause shown by Teletech, Inc., the Commission further extended the comment date to December 14, 1988, and the reply comment date to January 6, 1989. A list of the parties filing formal comments and reply comments is contained in Appendix B.

[7] *Notice* at para. 8.

[8] *Id.*

[9] *Id.* at para. 15.

[10] ITA Comments at 13.

[11] FIT Comments at 6.

[12] NABER Comments at 12-14.

[13] NABER Comments at 14-16.

[14] NABER Comments at 16-18.

[15] Teletech Comments at 4.

[16] Narrowband operations were authorized in the *Report and Order*, Docket 84-279, 50 Fed. Reg. 13596 (1985), 57 RR 2d 1439 (1985). *See* Section 90.271 of the Commission's Rules, 47 C.F.R. § 90.271, for the rules governing narrowband operations in the land mobile radio services.

[17] *Notice* at para. 7.

[18] NABER filed a petition for rule making (RM-6276) on February 2, 1988, requesting that the Commission amend Part 90 of the Commision's rules to permit Business Radio licensees utilization of the 12 subject offset frequencies. Another petition for rule making was filed on April 20, 1988, by International Taxicab Association, concerning the same subject matter. It was treated in the *Notice* as a counter-proposal. NABER also filed a petition for rule making on June 27, 1988, requesting that the Commission increase the permitted power to 350 watts on two of the 150 MHz paging channels. As this matter also was to be raised in the *Notice*, this third petition was incorporated into the instant proceeding.

[19] *Notice* at para. 13.

[20] *Id.*

[21] *Id.*

[22] ITA Comments at 6.

[23] ITA Comments at 7. This issue was also of concern to a number of other commenters, who dispute the rationale that a separate taxi allocation is unnecessary because taxicab companies are eligible for licensing in the Business Radio Service. These commenters submit that separate radio services exist to organize compatible users into rational categories and afford some priority to licensees bearing a greater societal responsibility than others. *See, e.g.*, MRFAC Comments at 2-5.

[24] NABER Reply Comments at 2.

[25] *Id.*

[26] *Id.* at 3.

[27] ITA's Reply Comments at 5-6.

[28] *Id.* at 10.

[29] The 4 frequencies that we are providing to the Taxicab Radio Service are: 152.315, 152.345, 157.575, and 157.605 MHz. In keeping with the current Taxicab Radio Service use of the 150 MHz band, we are designating the 152 MHz frequencies as base/mobile frequencies and the 157 MHz frequencies as mobile only channels.

[30] The 8 frequencies designated for use in the Business Radio Service as base/mobile frequencies are 152.285, 152.375, 152.405, 152.435, 157.545, 157.635, 157.665 and 157.695 MHz.

[31] *Notice* at para. 18.

[32] *Id.* at para. 19.

[33] *Id.* The four 150 MHz business paging-only channels are 152.480 MHz (350 watts output power), 157.740 MHz (75 watts output power), 154.625 MHz (20 watts output power), and 158.460 MHz (20 watts output power).

[34] NABER Comments at 19.

[35] *Id. at 19-20.*

[36] ITA Comments at 24-25.

[37] Teletech Comments at 7-8.

[38] Electrocom Comments at 4.

[39] *See* Section 90.73 of the Commission's Rules pertaining to the Special Industrial Radio Service. The rules governing this service, as well as those applicable to the Business Radio Service, are in Subpart D, Industrial Radio Services, of Part 90 of the Commission's Rules. The rules governing the Taxicab Radio Service are in Subpart E, Land Transportation Radio Services, of Part 90 of the Commission's Rules.

[40] SIRSA Comments at 3-4.

[41] SIRSA Comments at 5.

[42] NABER Comments at 21.

[43] SIRSA Reply Comments at 5-6.

[44] *See* paras. 12-13, *supra.*

[45] *See* para. 5 *supra.*

[46] *See* Standard Metropolitan Areas (SMAs) of 50,000 or More Population, FCC No. 57166, released September 23, 1964.

[47] *See Notice of Proposed Rule Making,* para. 21.

[48] NABER Comments at 23.

[49] *Id.*

[50] ITA comments at 28.

[51] *Id.* at 29.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 87-195

In the Matter of

Amendment of Section 73.202(b),	RM-5526
Table of Allotments,	RM-5597
FM Broadcast Stations.	
(Bloomington and Nashville, Indiana)	

REPORT AND ORDER
(Proceeding Terminated)

Adopted: June 27, 1989; Released: July 28, 1989

By the Chief, Allocations Branch:

1. The Commission considers herein the *Notice of Proposed Rule Making*, 2 FCC Rcd 3548 (1987) ("*Notice* "), issued in response to two separate petitions for rule making. Bloomington County Radio ("BCR") proposed the allotment of FM Channel 236A (95.1 MHz) to Bloomington, Indiana, and its reservation for non-commercial educational FM ("NCE-FM") use, and Bruce Quinn ("Quinn") proposed the allotment of Channel 236A for commercial use at Nashville, Indiana. The petitions are mutually exclusive as the communities are only 23 kilometers apart and a 105 kilometer separation is required between co-channel Class A stations. Quinn, BCR, and other interested parties filed comments and reply comments.[1] BCR also filed a supplement to the comments.[2]

2. As indicated in the *Notice*, Quinn's proposed use of Channel 236A would comply with the minimum distance separation requirements of Section 73.207 of our rules, with a site restriction 3.3 kilometers (2.1 miles) south of Nashville. We also noted that Quinn claims that the public interest would be served by the allotment of the channel to Nashville, the county seat of Brown County, because neither Nashville nor the county has any local FM broadcast radio service. As also indicated in the *Notice*, no alternative channel is available at either community, and Channel 236A could be allotted to Bloomington in compliance with our minimum distance separations. BCR stated that the basis for its request for the reservation of a commercial channel was that operation on any of the channels reserved for NCE-FM use (Channels 201 through 220) would likely result in harmful interference to Channel 6 television station WRTV in nearby Indianapolis. The allotment and reservation of Channel 236A for non-commercial use, claims BCR, would serve the public interest by precluding the interference potential to TV Channel 6 and would preserve the "last opportunity" for an NCE-FM station in Bloomington devoted to local needs.

3. In the *Notice*, while we noted that both proposals merited consideration, we indicated our reluctance to reserve a commercial channel for a second NCE-FM station in Bloomington. We therefore requested that BCR submit additional engineering showings demonstrating that none of the reserved NCE-FM channels could be used without causing harmful interference to reception of TV Channel 6. Absent a convincing showing, we stated that we would not reserve Channel 236A for NCE-FM use. In response to our request, BCR provided, appended to its comments on the *Notice*, engineering studies of the feasibility of using various NCE-FM channels at seven already existing radio towers located outside of Bloomington proper. At each of these sites, one to three different reserved channels were employed, using the level of facilities (including signal polarization) limited to that necessary to avoid interference to TV Channel 6 and to nearby adjacent and co-channel FM stations.

4. In its comments, BCR continues to assert that no reserved band channel can be operated with full Class A facilities to provide city grade coverage of Bloomington, even with vertical polarization,[3] without causing destructive interference to TV reception in Bloomington of Channel 6 Station WRTV in Indianapolis. BCR contends that its proposed NCE-FM station, dedicated to service of the principal city, should provide that city with 70 dBu city grade coverage, arguing that principal city coverage is as important for a community-based station as for a commercial one. It notes that the reason for relieving educational stations from providing city grade coverage does not apply to an NCE-FM station dedicated to service of a population center, as would its proposed station. BCR argues that unlike many NCE-FM stations, whose primary audience may not be congruent with the city of license, the listeners of community service NCE-FM stations would be concentrated in the city. BCR considers only one of the seven sites with existing towers to be potentially optimum (assuming its tower could be raised 7.6 meters) because a station at that site would provide both predicted 60 and 70 dBu coverage of Bloomington. The study examined at each of the sites one to three different reserved channels using the level of facilities (including signal polarization) necessary to avoid harmful interference to TV Channel 6 and to nearby adjacent and co-channel FM stations. However, BCR claims that use of the existing tower at this location does not appear to be feasible, because it is a state facility used for several governmental functions, including fire protection, for which the tower is allegedly regarded as "critical." BCR reports that during discussions with state officials about use of the site, they "expressed concerns with respect to wind loading." Use of another site transmitting either Channel 214 or Channel 217 (each with a different set of facilities, one set with facilities greater than the Class A maximum), would allow 60 dBu coverage of the entire city, but not 70 dBu coverage. BCR therefore considers this other site unacceptable, although BCR considers it to be the "best" of the seven sites investigated.

5. Nevertheless, to use any one of the seven sites, BCR claims that it would have to incur additional expense, because a costly studio-transmitter link ("STL") would be needed to transmit programming from the studio in Bloomington to a transmitter outside the city. Use of an STL could be eliminated, however, contends BCR, by using Channel 236A, which could allow it to locate the transmitter within the city. In any event, it insists that Channel 6 interference problems preclude the "effective operation" of an NCE-FM station with Class A maximum facilities. BCR concludes on the basis of these studies that

no reserved NCE-FM channel is feasible, because no channel at an available site either could be used to provide sufficient coverage of the community of Bloomington or could be implemented without excessive costs.

6. BCR argues that allotting Channel 236A to Bloomington is a more efficient use of the spectrum, because it is a growing community with a current population of 53,045 in a Metropolitan Statistical Area (MSA) of 101,200 persons. On the other hand, BCR points out, Nashville (1980 census population 703), the county seat of Brown County (1980 population 12,377), is a rural "quiet village" outlying the Bloomington MSA, and is dominated by large sections of government-owned parks and forest lands. BCR notes that while Nashville's economy is dependent on a seasonal tourist trade, Bloomington has a diversified economy with a number of major employers including Indiana University and large national and multinational corporations. BCR notes that Bloomington also offers diverse cultural events as well as a wide range of commercial activities, unlike Nashville, which is without, for example, an automobile dealership, interstate common carrier transportation, a hospital, and a daily newspaper. Nashville, claims BCR, is just too small a community to warrant a Section 307(b) preference for its first transmission service over Bloomington's "first competitive non-commercial educational service." BCR also urges the Commission to note that Nashville is smaller than communities that have been deemed as not deserving of a first local service preference, citing *Debra D. Carrigan*, 100 FCC 2d 721, 731-2 (1985), which enunciated the "quiet village model". It contends that its NCE-FM station would be community-based and listener-supported with studios located in downtown Bloomington. BCR asserts that its programming would reflect the wide range of tastes in the Bloomington community as a whole, unlike that of Bloomington's existing NCE-FM station, licensed to Indiana University, where, allegedly, nationally syndicated programming overshadows locally originated programs.

7. BCR also argues that the Commission has preferred an NCE-FM entity over a commercial one for channels outside the reserved band in cases where existence of Channel 6 TV interference has reduced availability of channels inside that band. It cites *Muncie, Indiana and Eaton, Ohio*, 59 FCC 2d 778 (1976) and *Burlington and Newport, Vermont*, 78 FCC 2d 1259 (1980), both cases in which a commercial channel was reserved for NCE-FM use. BCR further contends that Commission precedents cited in the *Noice, Blue Hill, Maine* and *Sioux Falls, S. D.*, are not controlling under the present circumstances.[4]

8. In Quinn's comments, he argues that the allotment of Channel 236A to Nashville would be that community's first broadcast radio station and represents its "last chance for radio service." He contends that Nashville's low population is misleading, and as one of Indiana's most popular tourist attractions, it draws "millions" of people every year. Quinn further contends that BCR could operate at higher power than the Class A maximum power on reserved channel frequencies 90.7 MHz (Channel 214) or 91.5 MHz (Channel 218) using vertical polarization. Alternatively, Quinn asserts that directional antennas either alone or in combination with vertically polarized transmissions could be employed to provide Bloomington with NCE-FM service utilizing a channel in the reserved band.

9. In replying to BCR's comments, Quinn notes that BCR's engineering study requested by the Commission demonstrates that three reserved channels are available, with one channel (Channel 214) able to accommodate up to twice the Class A maximum of 3000 watts. Furthermore, Quinn notes, the study did not explore the use of directional antennas that could allegedly allow BCR to use even more power. Another alleged flaw pointed out by Quinn is that the study considered the use of only sites with existing towers, but not other sites where a tower might be constructed. In response to BCR's concern with the cost of a new tower, Quinn recommends that BCR consider the use of an abandoned previously owned tower. Regarding two communities BCR cites as having been rejected for FM allotments because of their small populations, Quinn states in response that both communities, unlike Nashville, were located in counties that already had a local transmission outlet.[5] Quinn also notes that Nashville is a growing community (along with Brown County as a whole), contrary to BCR's assertions. He also argues that *Muncie, Indiana and Eaton, Ohio, supra*, in which Muncie was awarded a commercial channel for NCE-FM use, can be distinguished because 1) at the time the case was decided "the FCC did not have a policy allowing vertical polarization to correct the Channel 6 interference problem" and 2) without allotment of the commercial channel for NCE-FM use, no public radio service would originate in the Muncie area. Finally, Quinn declares that BCR did not state its intention to apply for the channel if it is allotted as a commercial channel, contending that BCR's allotment request is therefore invalid.[6] As noted above, BCR did not file reply comments.

DISCUSSION

10. After careful evaluation of BCR's engineering showing, we do not find it convincing. Therefore, we will not allot Channel 236A on a reserved basis to Bloomington for NCE-FM use only. Given, however, BCR's expression of interest in applying for the channel, whether reserved or non-reserved, we weighed the public interest value of either awarding the channel to Bloomington, a much larger community with four local aural services including an NCE-FM service and a full-time AM station, or to the small community of Nashville, the county seat of Brown County, neither of which has any local transmission service. We conclude that Nashville should be allotted Channel 236A.

BCR's Engineering Study

11. BCR apparently recognized in performing its engineering studies that harmful interference to Channel 6 would very likely be said to occur if a site within Bloomington proper were used to transmit on one of the reserved channels. Such operation would very likely mean that the standards limiting the number of persons that lie within a predicted area of interference (defined as lying within the Grade B contour of the TV Channel 6 station) in order to protect TV Channel 6 stations from harmful interference would be exceeded. Specifically, because the predicted interference area would fall largely within the boundaries of the city, which has a relatively dense population, that area would very likely contain greater than the 4000 persons permitted under Rule Section 73.525(c).[7] BCR's study focused instead on less popu-

lated areas outside of the city, and examined seven sites, where the prospects for locating an FM site were far more promising.[8]

12. Although BCR insists that no reserved channel is acceptable, its engineering consultant states that "three channels [Channels 214, 217, and 218] were found which would support FM transmission and provide satisfactory service to Bloomington". This statement casts doubt on BCR's professed inability to use a reserved channel. Based on the results of BCR's studies, it appears that a satisfactory service could be provided to Bloomington. For example, BCR's consultant found that "site 2", which BCR considered its "best" option of the seven sites looked at, using Channel 214 (90.7 MHz) with an effective radiated power ("ERP") of 6000 watts (with a 76.2 meter antenna height above average terrain ("HAAT")), would provide a 60 dBu service grade signal over Bloomington, with a service area six percent greater than that of a full Class A facility. Using Channel 217 (91.3 MHz), with maximum allowable power[9] and the same HAAT, 60 dBu coverage (but no 70 dBu coverage) would be afforded to Bloomington, albeit with 23% less service area than would a full Class A facility (1412 km2 vs. 1840 km2). In addition, the study explores a number of other options that could provide acceptable service to Bloomington, *i.e.* at least 60 dBu coverage for the entire city. We do not believe a 60 dBu signal is inferior, as BCR contends. It asserts that transmissions from any one of the seven remote sites would result in an inferior signal, which, it fears, could affect its ability to compete for listeners. Such argument is highly speculative and therefore not persuasive, particularly when some of the options of using the remote sites would allow use of facilities more powerful than the maximum facilities for Class A stations. We therefore reject BCR's argument that such coverage would not provide an adequate service. Since 70 dBu coverage is not required for an NCE-FM station, the lack of such coverage cannot serve as a basis for the assertion that service would be inadequate without it, particularly where NCE-FM service on reserved channels is not foreclosed. BCR does not show that any one of several options fails to provide 60 dBu coverage of Bloomington or how this coverage disqualifies it from providing a viable operation.

13. With respect to not securing state permission to use "site 3", which would allow the provision of the 70 dBu coverage desired by BCR (assuming that the existing tower could be installed), we observe that there is nothing in its presentation which suggests that BCR aggressively sought permission to use the site, that mutually satisfactory arrangements could not be made, or that BCR was told that the state would not give such permission.[10] With respect to BCR's view that a transmitter at any one of the seven sites remote from Bloomington proper would require a costly STL, BCR makes no claim that construction of an STL would be prohibitively costly. Furthermore, BCR offers nothing to dissuade us from the view that the cost of an STL is minimal compared to the total cost of constructing the station.

14. Finally, the apparent justification for BCR's consultant studying only seven existing towers--that it would be "initially more economical"-- ignores the wider range of options potentially offered by consideration of sites other than the seven studied, where a new tower could be constructed or a used tower could be employed. We note also that BCR apparently did not consider the use of directional antennas, whose radiation patterns could be tailored to minimize any unacceptable areas of interference. Directional antennas are permitted routinely for NCE-FM stations. We conclude, therefore, that BCR fails to make a convincing case that interference to TV Channel 6 requires the reservation of Channel 236A to Bloomington. On this basis, we will not reserve a commercial channel for NCE-FM use.

Section 307(b) Comparison

15. In *Revision of FM Assignment Policies and Procedures*, 90 FCC 2d 88 (1982), the Commission set forth the following allotment priorities:

(1) First full-time aural service;

(2) Second aural service;

(3) First local service;

(4) Other public interest matters.

[Co-equal weight given to priorities (2) and (3)]

Neither BCR nor Quinn has made any showing that its proposed station would provide a first full-time or second aural service. The allotment of Channel 236A to Nashville, however, would provide for its first local aural service. Therefore, as against Bloomington, presumptively Nashville has the greater need and should be allotted Channel 236A. It is well settled, however, that a first local service to a tiny community does not always prevail over an additional competitive aural service to another much larger community. Chief among such decisions are the "quiet village"[11] cases, which BCR has cited.

16. We reject, however, the characterization of Nashville as a "quiet village". For purposes of its comparison with Bloomington, despite its population of less than 1000, Nashville cannot be characterized as such a community. In *Debra D. Carrigan, supra*, the Review Board pointed out that the basis of Commission "quiet village" decisions had been that 1) the signals of each station in competing communities would cover both communities, and 2) there was a greater public interest need in providing for a *first* competitive aural service in the larger community than providing for the first local service in the small community. In two leading "quiet village" cases, *Ruarch* and *Santee*, *supra* n. 7, each of the proposed stations in the tiny communities would have covered virtually the same area and population as the stations in the larger communities. Here, while the two communities are located in the same vicinity, each proposed station's coverage would overlap the other in a common area of roughly only half the respective coverage areas. A Nashville station would not, therefore, serve the same area and population as would a Bloomington station.[12] In addition, Bloomington already has one AM and two FM commercial authorizations, and, therefore, another station would not provide the first competitive broadcast transmission service in that city, should the channel ultimately be licensed for commercial use. If, as intended, the channel is used non-commercially, it is not apparent how such competition to Indiana University's NCE-FM station[13] outweighs the public interest value of a first local commercial service, even in a tiny community. We conclude that Nashville lacks two elements for a finding that it constitutes a "quiet village", and that the presumption accorded a community slated to receive its first local service has not been rebutted. As against Bloomington

with its three commercial stations and one NCE-FM station, we consider Nashville as a county seat with no transmission service to be deserving of its first allotment.

CONCLUSION

17. Based on the above analysis, we will not reserve Channel 236A, because BCR did not show convincingly that the NCE-FM reserved channels were unusable due to TV Channel 6 interference. Nevertheless, considering the greater need of Nashville for aural service than that of Bloomington, already with four aural services, we believe that the public interest is better served by allotting Channel 236A to Nashville, Indiana as its first local aural service.

18. Accordingly, pursuant to the authority contained in Sections 4(i), 5(c)(1), 303(g), and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61, 0.204, and 0.283 of the Commission's Rules, IT IS ORDERED, That the Petition for Rule Making (RM-5597) filed by Mr. Bruce Quinn IS GRANTED.

19. IT IS FURTHER ORDERED, That the Petition for Rule Making of Bloomington Public Radio (RM-5526) filed by Bloomington County Radio IS DENIED.

20. IT IS FURTHER ORDERED, That the Motion to Accept Filing of Supplement filed by Bloomington County Radio IS GRANTED.

21. IT IS FURTHER ORDERED, That effective **September 11, 1989,** the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, IS AMENDED with respect to the community listed below to read as follows:

Community	Channel No.
Nashville, Indiana	236A

22. The window period for filing applications will open on **September 12, 1989**and close on **October 12, 1989.**

23. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

24. For further information concerning this proceeding, contact J. Bertron Withers, Jr., Mass Media Bureau, (202)632-7792.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

FOOTNOTES

[1] We note that a number of these comments were among the *ex parte* presentations filed in support of each party's proposal subsequent to the close of the established comment periods. As indicated in the *Public Notice* of prohibited *ex parte* communications in this proceeding, mimeo no. 1456, released January 28, 1988, those presentations were placed in a file associated with, but not made a part of this proceeding.

[2] Accompanying BCR's late-filed supplement was its Motion to Accept Filing of Supplement. In response, Quinn filed a Motion to Throw Out All Late Papers, which was submitted more than a month after oppositions to BCR's motion were due. BCR filed an opposition to Quinn's motion. However, we consider Quinn's motion as a late-filed opposition, and, as such, it was untimely filed under §1.45. Quinn's filing, therefore, will not be considered herein. BCR's motion will be granted, and we will accept its supplement, good cause having been shown.

[3] Vertical polarization of an FM signal is a recognized method for reducing the interference potential between reserved band FM signals and TV channel 6 stations. BCR notes, however, that while vertical polarization may allow for operation within the reserved band not otherwise feasible, reception is often degraded because it has heightened susceptibility to multi-path reflections, particularly from vertical objects like tall buildings in downtown areas. Use of vertical polarization is therefore considered by BCR not to "permit an adequate basis for an effective operation." We note, however, that BCR's engineering consultant, while recognizing that some degradation of service likely would occur, considered that vertical-only polarization would not provide the quality of service that would be provided if the signal were polarized otherwise. In the circumstances of the instant case, he stated that it is "often vertical polarization or nothing at all."

[4] Contrary to BCR's assertion, both *Blue Hill, Maine*, 49 FR 44101 (Nov. 2, 1984), and *Sioux Falls, S. D.*, 51 FR 4169 (Feb. 3, 1986), were correctly cited for the proposition that the Commission will not make exceptions to its policy that commercial channels are not generally reserved for NCE-FM use, unless reserved channels are shown to be unavailable because of predicted interference (1) to or from Canadian or Mexican allotments or (2) to reception of TV Channel 6. Although the circumstances were different from those in the instant case, such showings were cited in these two cases as necessary before reserving a commercial channel for NCE-FM use. Even though the Commission found a reserved channel for the petitioner in *Blue Hill*, its failure to make such showing was the basis for the Commission's rejection of its request for a commercial reservation. In noting that neither of these two conditions were satisfied in *Sioux Falls*, we decided against reserving a commercial channel, but did, however, allot it on a non-reserved basis for NCE-FM service.

[5] BCR had cited the communities of Gulliver, MI, at issue in *Mighty - Mac Broadcasting*, 101 FCC 2d 303, 309 at n. 7 (1985), *rev. denied*, FCC 86-127 (March 24, 1986), and Edinburg, VA, in *Ruarch Associates*, 99 FCC 2d 338, (Rev. Bd. 1984), *rev. denied*, 101 FCC 2d 1358 (1985), as both having been too small to receive a dispositive first local service preference.

[6] We find that BCR sufficiently expressed its intention to apply for the channel, if allotted, as required by the *Notice*. BCR clearly states in its comments that it "intends to apply for authorization to use the frequency when it is allotted to Bloomington". We also agree with BCR, as stated in its supplement to comments, that it made no qualification as to whether such allotment might be reserved or non-reserved. In any event, it need not have made such qualification, because the *Notice* proposed the allotment of Channel 236A on a "non-reserved" or commercial basis.

[7] The predicted interference area for each of the site-channel combinations is at least comparable in area to that of Bloomington itself, lying wholly within the Grade B contour. To the degree that a predicted interference area encompasses an appreciably sized portion of Bloomington, the limiting number of 4000 persons within that area will probably be exceeded, given that Bloomington has a population greater than 50,000. In ac-

cord with §73.525(c), the interference area resulting from a proposed new NCE-FM station may contain as many as 4000 persons, provided that a showing is made that the interference area contains no more than 3000 persons, including, for each filter installed per TV receiver, the subtraction of one additional person (up to 1000) from the total number of persons within the interference area. For each of the site-channel combinations BCR utilized in its engineering study, however, virtually no detail specified by §73.525(e)(2) was provided for us to determine whether these population limits were properly considered for each of the predicted interference areas, and, consequently, whether the use of any one of the site-channel combinations truly qualified as usable per §73.525. Given that the burden was on BCR to demonstrate that no reserved channel at any site in Bloomington was usable, and that BCR did not submit sufficient information on this point, we evaluated the study assuming these population limits were not exceeded (except, as indicated, in n. 10, *infra).*

[8] Interference to reception of WRTV, Channel 6 would likely be caused by any reserved band FM station assigned to Bloomington, given that the city of Bloomington and its environs lie fully within the Grade B contour of WRTV. The primary question as to whether such FM operation would be permissible is whether the predicted interference area about the FM station contains greater than 4000 persons. *See* n. 7, *supra.*

[9] BCR determined that Channel 217 was limited to a maximum of 3.0 kW (either horizontally or vertically polarized) in order to avoid interference to a nearby co-channel FM station. This power was further limited to either of 2 alternatives: 0.4875 kW circular polarization or 0.425 kW horizontal and 3.0 kW vertical polarizations.

[10] Nevertheless, we are not completely persuaded that site 3 qualifies for use, based on what BCR characterized as allowable facilities of 6 kW ERP vertically polarized and 76.2 m HAAT. If, as is apparent, BCR's consultant used 6 kW as if it were horizontally polarized (as, *e.g.*, its computation of 25 km as the range of the 60 dBu contour would indicate) with no downward adjustment as mandated by §73.525 (e)(4), approximately one-half of Bloomington would be encompassed by the predicted interference area. Such coverage would likely assure that the population limit of 4000 within the interference area would be exceeded, thereby disqualifying site 3 as a candidate for use. However, were this adjustment or others made, *e.g.* a 6 dB adjustment for TV receive antenna directivity (§73.525(e)(1)(iii)), the interference area may well be predicted to fall outside of the city limits of Bloomington. Unfortunately, whether any of these adjustments were or were intended to be made, is unknown. The study provides insufficient detail. *See* n. 7 *supra.*

[11] In *Debra D. Carrigan, supra,* the Commission cited two other "quiet village" decisions: *Ruarch Associates,* 56 RR 2d 1593 (Rev. Bd. 1984) and *Santee Cooper Broadcasting Co.,* 57 RR 2d 662 (Rev. Bd. 1984). The Commission also discussed *Ruarch in Beacon Broadcasting,* 2 FCC Rcd 3469 (1987), indicating that *Beacon* was analogous to *Ruarch* because in both decisions, a very small community or "quiet village," slated to receive its first local broadcast outlet, did not prevail over a much larger community that would get its first competitive broadcast service.

[12] The city reference points for Bloomington and Nashville are, respectively, 39-09-54 and 86-31-42, and 39-12-24 and 86-14-48. These sites are separated by 24.8 km. Bloomington is 22.8 km removed from Nashville's site restriction at 39-10-46 and 86-15-47.

[13] Indiana University's NCE-FM station, WFIU(FM), uses Channel 279 on a non-reserved basis.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 88-215

In the Matter of

Amendment of Section 73.202(b),	RM-5742
Table of Allotments,	RM-5791
FM Broadcast Stations	RM-6017
(Campbellsville, Smiths Grove,	RM-6176
Cave City, Horse Cave, and	RM-6294
Liberty, Kentucky, Donelson	RM-6557
and Mt. Juliet, Tennessee)[1]	RM-6558

FIRST REPORT AND ORDER

Adopted: July 10, 1989; Released: July 28, 1989

By the Chief, Allocations Branch:

1. At the request of Michael Harding ("Harding"), the Commission has before it for consideration the *Notice of Proposed Rule Making*, 3 FCC Rcd 3078 (1988), proposing the allotment of Channel 260A to Campbellsville, Kentucky, as a second local aural broadcast service. In response to the *Notice*, Hilltopper Broadcasting, Inc. ("Hilltopper"), licensee of Station WBLG(FM), Smiths Grove, Kentucky, filed a counterproposal (RM-6557) requesting the upgrade of WBLG(FM) by substituting either Channel 294C2 or Channel 296C2 for Channel 296A at Smith's Grove, making a necessary substitution of Channel 260A for Channel 294A at Cave City, Kentucky, and allotting Channel 232A or Channel 254A to Campbellsville to satisfy the interest expressed by Harding.[2] In addition, Hilltopper requests that we order First Media of Monterey, Inc. ("First Media") an applicant for an upgrade for Station WRJT(FM), Monterey, Tennessee to amend its pending application. Lee Stinson ("Stinson") filed a counterproposal requesting the allotment of Channel 260A to Horse Cave, Kentucky (RM-6558). In addition, petitions filed by the following were treated as counterproposals in this proceeding: (1) R. Dale Bay ("Bay"), requesting allotment of Channel 294A to Donelson, Tennessee, as a first local service (RM-5791); (2) Grady Lynn ("Lynn") requesting allotment of Channel 294A to Mt. Juliet, Tennessee, as a first local service (RM-6017); and (3) Carlos Wesley ("Wesley"), licensee of Station WKDO(FM), Channel 288A, Liberty, Kentucky, requesting substitution of Channel 254A or Channel 289A for Channel 288A at Liberty, and modification of Wesley's license for WKDO accordingly (RM-6294).[3] Harding filed supporting comments restating his interest in the allotment to Campbellsville. William O. Barry ("Barry"), First Media, Lynn, Stinson and Hilltopper filed reply comments.

2. The proposal for Channel 294C2 at Smiths Grove conflicts with the proposals for Channel 294A at Donelson and Mt. Juliet because the proposed sites do not meet the minimum distance separation requirements of Section 73.207 of the Commission's Rules. The Donelson and Mt. Juliet proposals for Channel 294A also conflict with each other because they do not meet the minimum separation requirements. The alternative proposal to upgrade Smiths Grove using Channel 296C2, although removing any conflict with the Donelson and Mt. Juliet proposals, also conflicts with a construction permit on Channel 294A at Cave City. To eliminate the conflict, Hilltopper proposed the substitution of Channel 260A for Channel 294A at Cave City, but that proposal conflicts with the proposed allotments of Channel 260A to either Campbellsville or Horse Cave, proposed uses of Channel 260A which are themselves mutually exclusive. Hilltopper also put forward an alternative proposal to allot Channel 254A to Campbellsville. That proposal is mutually exclusive with Wesley's proposal to substitute Channel 254A for Channel 288A at Liberty, Kentucky.

3. Stinson filed comments and a counterproposal contending that the allotment of Channel 260A to Horse Cave would provide the community with its first local service. He states also that Horse Cave has a population of 2,045 and is located in Hart County, which in turn has a population of 15,402 listed in the 1980 Census. Stinson notes that, in contrast to the allotment at Horse Cave, the allotment of Channel 260A to Campbellsville would provide that community with its second FM service and its third local service, because the community is currently served by both WCKQ(FM) and fulltime AM broadcast station WKXJ(AM). Therefore, Stinson urges the Commission to allot Channel 260A to Horse Cave, on the basis of the Commission's established policy of according first local service a high priority.

4. In Hilltopper's comments, it restates that its proposed substitution of Channel 294C2 for Channel 296A at Smiths Grove could be accomplished with the substitution of Channel 279A for Channel 294A at Cave City, Kentucky, and the substitution of Channel 281A for Channel 280A, presently licensed at Campbellsville. Hilltopper argues that the public interest would also be served by the allotment of either Channel 232A or Channel 254A to Campbellsville, the substitution of Channel 260A for Channel 294A at Cave City, and the substitution of Channel 294C2 or 296C2 for Channel 296A at Smiths Grove, Kentucky, to upgrade the operation of its Station WBLG(FM).

5. Stinson filed reply comments stating that Hilltopper's proposal to allot Channel 260A at Horse Cave, the substitution of Channel 296C2 for Channel 296A at Smiths Grove, the substitution of Channel 279A for Channel 294A at Cave City, Kentucky, and the substitution of Channel 281A for Channel 280A at Campbellsville, Kentucky, is consistent with the proposal to allot Channel 294A to Mt. Juliet, Tennessee, as that community's first local service. Stinson states that the implementation of this proposal would provide for expanded service at Smiths Grove, Kentucky, while allowing for the provision of first local service to two communities, Horse Cave, Kentucky, and Mt. Juliet, Tennessee.

6. Wesley's petition for rule making states that he desires to move his Station WKDO(FM) to the site occupied by WKDO(AM) in Liberty. Wesley requests that we substitute Channel 254A or Channel 289A for Channel 288A at Liberty in order to allow him to do so in compliance with our spacing requirements.

7. Bay's petition for rule making seeks allotment of Channel 294A to Donelson, Tennessee, and states that while Channel 221A is allotted to Donelson, it is licensed to WQQK, Henderson, Tennessee. Therefore, Bay contends that the assignment of Channel 294A to Donelson would give Donelson its first local FM service. Barry filed reply comments supporting the allotment of Channel 294A to Donelson, Tennessee, and stated his intention to apply for the channel, if allotted.

8. Lynn's petition for rule making seeks allotment of Channel 294A to Mt. Juliet, Tennessee, as a first local service, and contends that assignment of FM Channel 294A to Mt. Juliet, would provide that community with its first local service. According to the 1980 Census, Mt. Juliet has a population of 2,879 and is located in Wilson County, which has a population of 56,064. Lynn states that Mt. Juliet is a distinct community presently without local service.

9. Lynn filed reply comments supporting the allotment of Channel 294A to Mt. Juliet. He restates the fact that his proposal is in conflict with the proposal of Bay to allot Channel 294A to Donelson, Tennessee, and with the proposal of Hilltopper to substitute Channel 294C2 for Channel 296A at Smiths Grove. He states that the communities of Donelson and Smiths Grove both have existing service, whereas Mt. Juliet does not, and that the Mt. Juliet proposal should be preferred. Lynn states that the provision of a first local service is to be accorded greater weight than the provision of a first FM service or expanded FM service. He also supports the proposal to substitute Channel 296C2 at Smiths Grove, as opposed to 294C2, since it would not conflict with his proposal for a first service at Mt. Juliet, and would provide an expanded service by WBLG(FM) at Smiths Grove.

10. First Media, permittee of Station WRJT(FM), Monterey, Tennessee, filed reply comments urging consideration of its proposed transmitter site, as specified in a currently pending application (BMPH-880309IB). First Media was granted an upgrade to Channel 295C2 in MM Docket 86-512, and its application was filed pursuant to that grant, but specified a different site than specified in the earlier rule making proceeding. First Media argues that its preference for the site specified in its application should be considered.

11. Hilltopper filed reply comments restating its interest in the substitution of Channel 296C2 or 294C2 for Channel 296A at Smiths Grove and in the required substitution of either Channel 260A or 279A for 294A at Cave City. Hilltopper notes that Channel 260A at Cave City conflicts with the allotment of Channel 260A to Horse Cave, Kentucky, and that an allotment of Channel 260A to Cave City as a substitute for Channel 294A would also be in conflict with an application filed by WMSR(FM) at Manchester, Tennessee (BMPH-870331JT), for a modification of its construction permit to move to a new site. Hilltopper suggests the use of Channels 231A, 264A, or 282A at Horse Cave, and argues that WMSR's application represents a mere site preference.

DISCUSSION

12. A staff engineering analysis reveals that no channels, other than Channel 294A, are available for allotment to Donelson, Tennessee, or Mt. Juliet, Tennessee. As a threshold matter, however, we reject the proposal to allot Channel 294A to Donelson because Donelson is not a distinct community for licensing purposes. Donelson is not listed in the 1980 U.S. Census, and although listed in the 1988 Rand McNally Commercial Atlas, it is listed as a part of Nashville, Tennessee. It appears that, although at one time a community distinct from Nashville, Donelson is no longer. Accordingly, Donelson is not a sufficiently distinct community to warrant an allotment. *See Penacook, New Hampshire*, 2 FCC Rcd 459 (1987). Therefore, as between Donelson and Mt. Juliet, we need only consider the Mt. Juliet proposal. Although that proposal is mutually exclusive with Hilltopper's proposal to upgrade Station WBLG at Smith's Grove to Channel 294C2, Commission policy generally prefers a new allotment as compared to an enhancement to an existing service. As discussed more fully below, Channel 296C2 remains available for possible allotment to Smiths Grove. Therefore, we will allot Channel 294A to Mt. Juliet as a first local service.

13. Analysis of the remaining proposals for new or modified allotments indicates that, except for Hilltopper's proposal, we may accommodate each proposal advanced in this proceeding consistent with minimum mileage separation requirements to each current allotment and each application currently pending before the Commission. Specifically, Channel 260A can be allotted to Campbellsville, Kentucky,[4] providing that community with a second local service. Channel 264A can be allotted to Horse Cave, Kentucky, with a site restriction to avoid short-spacing to Millerstown, Kentucky. Channel 211C1,[5] and Channel 294A can be allotted to Mt. Juliet, Tennessee,[6] which will provide both communities with first local service. In addition, Channel 254A can be allotted to Liberty in compliance with the Commission's minimum distance spacing requirements with a site restriction of 2.2 kilometers southwest.[7]

14. The suggested arrangement of channels accommodates each of the site preferences and allotment proposals advanced in this proceeding except for the proposals advanced by Hilltopper, and First Media's preference for a specific site to use in connection with its application for an upgraded assignment. However, a staff engineering analysis confirms that Channel 296C2 can be substituted for Channel 296A at Smiths Grove, Kentucky.[8] Channel 279A can be substituted for Channel 294A at Cave City, Kentucky, at the construction permit site.[9] Channel 281A can be substituted for Channel 280A at Campbellsville, Kentucky, at the present site of Station WKCQ.[10] In view of the fact that Hilltopper's proposal could result in expanded service, we will separately issue an *Order to Show Cause* to the licensee of Station WCKQ, Channel 280A, Campbellsville, Kentucky, and the permittee of Station WHHT, Channel 294A, Cave City, Kentucky, as to why their license/construction permit should not be modified to specify operations on Channel 281A and 279A, respectively. As for First Media's application for an upgraded assignment, we note that the application represents a mere site preference, and, therefore, does not present sufficient public interest benefit to warrant preferring it over the benefits that could be realized from Hilltopper's proposal.

15. Accordingly, pursuant to the authority contained in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61, 0.204(b) and 0.283 of the Commission's Rules, IT IS ORDERED, That effective **September 11, 1989,** the FM

Table of Allotments, Section 73.202(b) of the Commission's Rules, IS AMENDED for the community listed below, to read as follows:

City	Channel No.
Campbellsville, Kentucky	260A, 280A
Horse Cave, Kentucky	264A
Liberty, Kentucky	254A
Mt. Juliet, Tennessee	294A

16. The window period for filing applications for Channel 260A at Campbellsville, Kentucky, Channel 264A at Horse Cave, Kentucky, and Channel 294A at Mt. Juliet, Tennessee, will open on **September 12, 1989,** and close on **October 12, 1989.**

17. For further information concerning this proceeding, contact Nancy J. Walls, Mass Media Bureau, (202) 634-6530.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

FOOTNOTES

[1] The communities of Smiths Grove, Cave City, Horse Cave, and Liberty, Kentucky, and Donelson and Mt. Juliet, Tennessee, have been added to the caption.

[2] Hilltopper's proposal and an earlier proposal filed by its predecessor in interest, Faye S. Anderson, were consolidated in this proceeding. The earlier proposal had suggested the upgrade at Smith's Grove on Channel 294C2 or Channel 296C2, the substitution of Channel 279A for Channel 294A at Cave City, and the substitution of Channel 281A for Channel 280A, licensed to WCKQ(FM) at Campbellsville, Kentucky.

[3] Public Notice of the filing of the counterproposals was given on October 31, 1988, Report No. 1755.

[4] The coordinates for Channel 260A, Campbellsville, Kentucky, are 37-20-36 and 85-20-24.

[5] The coordinates for Channel 264A, Horse Cave, Kentucky, are 37-09-49 and 85-54-00.

[6] The coordinates for Channel 294A, Mt. Juliet, Tennessee, are 36-16-33 and 86-35-31.

[7] The coordinates for Liberty, Kentucky, Channel 254A are 37-18-22 and 84-55-02.

[8] The coordinates for Channel 296C2, Smiths Grove, Kentucky, are 36-50-10 and 86-16-40.

[9] The coordinates for Channel 279A, Cave City, Kentucky, are 37-06-39 and 85-58-41.

[10] The coordinates for Channel 281A, Campbellsville, Kentucky, are 37-20-05 and 85-22-36.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 89-39

In the Matter of

Amendment of Section 73.202(b), RM-6611
Table of Allotments,
FM Broadcast Stations.
(Alexandria, Minnesota)

REPORT AND ORDER
(Proceeding Terminated)

Adopted: July 13, 1989; Released: July 28, 1989

By the Chief, Allocations Branch:

1. The Commission has before it for consideration the *Notice of Proposed Rule Making*, 4 FCC Rcd 1801 (1989), issued in response to a petition filed by Paradis Broadcasting of Alexandria, Inc. (petitioner), proposing the substitution of FM Channel 222C2 for Channel 224A at Alexandria, Minnesota. Petitioner also requests modification of its license for Station KXRA-FM, Channel 224A, to specify operation on Channel 222C2. Petitioner filed supporting comments in which it reaffirmed its interest in the channel. No other comments were received.

2. We believe the public interest would be served by the substitution of Channel 222C2 for Channel 224A at Alexandria, Minnesota, since it could provide the community with an additional wide coverage area FM station. The substitution can be made in compliance with the minimum distance separation requirements of Section 73.207 of the Commission's Rules at the petitioner's specified site.[1] In addition, we have authorized a modification of the license for Station KXRA-FM, Channel 224A, to specify operation on Channel 222C2 in accordance with Section 1.420(g) of the Commission's Rules.

3. Accordingly, pursuant to the authority contained in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61, 0.204(b) and 0.283 of the Commission's Rules, IT IS ORDERED, That effective **September 11, 1989,** the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, IS AMENDED for the community listed below, to read as follows:

Community	Channel No.
Alexandria, Minnesota	222C2, 257A, 264C

4. IT IS FURTHER ORDERED, pursuant to the authority contained in Section 316 of the Communications Act of 1934, as amended, that the license for Station KXRA-FM, Channel 224A, Alexandria, Minnesota, IS MODIFIED to specify operation on Channel 222C2, in lieu of Channel 224A, subject to the following conditions:

(a) Within 90 days of the effective date of this *Order*, the licensee shall file with the Commission a minor change application for construction permit (Form 301), specifying the new facility.

(b) Upon grant of the construction permit, program tests may be conducted in accordance with Section 73.1620.

(c) Nothing contained herein shall be construed to authorize a change in transmitter location or to avoid the necessity of filing an environmental impact statement pursuant to Section 1.1301 of the Commission's Rules.

5. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

6. For further information concerning this proceeding, contact Kathleen Scheuerle, Mass Media Bureau, (202) 634-6530.

FEDERAL COMMUNICATIONS COMMISSION

Karl Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

FOOTNOTE

[1] The coordinates for Channel 222C2 at Alexandria, Minnesota, are 45-54-00 and 95-39-00.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 88-419

In the Matter of

Amendment of Section 73.202(b),	RM-6358
Table of Allotments,	RM-6622
FM Broadcast Stations.	
(Amarillo and Claude, Texas)[1]	

REPORT AND ORDER
(Proceeding Terminated)

Adopted: July 13, 1989; **Released: July 28, 1989**

By the Chief, Allocations Branch:

1. Pursuant to the request of John A. Gay, Jr. (petitioner), the Commission has before it for consideration the *Notice of Proposed Rule Making*, 3 FCC Rcd 5245 (1988), proposing the allotment of Channel 289A to Amarillo, Texas, as that community's eighth local FM service. Petitioner filed supporting comments reaffirming his intention to apply for, and construct, the new facility. Leonard S. Martinez ("Martinez") filed a counterproposal requesting the allotment of Channel 289A to Claude, Texas, as that community's first local service.[2] Petitioner filed reply comments and a supplement thereto.

2. Martinez, in his counterproposal, states his intention to apply for the channel, if allotted to Claude. Petitioner, in his reply comments, suggests alternative channels for consideration at either Amarillo or Claude to permit allotments at both communities.

3. Based on the information before us, we believe both communities deserve an FM service. We have confirmed that other channels are available for use at Claude. In particular, Channel 239A can be allotted to Claude, Texas, in compliance with the Commission's minimum distance separation requirements.[3] Therefore, as proposed, Channel 289A can be allotted to Amarillo, Texas, consistent with Section 73.207 of the Commission's Rules.[4]

4. We believe the public interest would be served by the allotment of Channel 239A to Claude, Texas, as that community's first local FM service. In addition, we believe it is in the public interest to allot Channel 289A to Amarillo, Texas, as that community's eighth local FM service. Accordingly, pursuant to the authority contained in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61, 0.204(b) and 0.283 of the Commission's Rules, IT IS ORDERED, That effective **September 11, 1989,** the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, IS AMENDED for the communities listed below, to read as follows:

City	Channel No.
Amarillo, Texas	226C1, 231C, 245C, 250C, 254C1, 270C, 275C1, 289A
Claude, Texas	239A

5. The window period for filing applications for Channel 239A at Claude, Texas, and Channel 289A at Amarillo, Texas, will open on **September 12, 1989,** and close on **October 12, 1989.**

6. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

7. For further information concerning this proceeding, contact Patricia Rawlings, Mass Media Bureau, (202) 634-6530.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

FOOTNOTES

[1] The community of Claude, Texas, has been added to the caption.

[2] Public Notice of the counterproposal was given December 20, 1988, Report No. 1763.

[3] The coordinates are 35-06-30 and 101-21-54.

[4] The coordinates are 35-12-30 and 101-51-00.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 88-543

In the Matter of

Amendment of Section 73.202(b), RM-6457
Table of Allotments,
FM Broadcast Stations.
(Essex, New York)

REPORT AND ORDER
(Proceeding Terminated)

Adopted: July 13, 1989; Released: July 28, 1989

By the Chief, Allocations Branch:

1. At the request of Russell P. Kinsley (petitioner), the Commission has before it the *Notice of Proposed Rule Making*, 3 FCC Rcd 7070 (1989), proposing the allotment of Channel 267A to Essex, New York, as its first local FM service. Petitioner and Burlington Broadcasters, Inc. ("Burlington") filed coments and petitioner filed reply comments.

2. Petitioner was requested to furnish additional demographic data to assist the Commission in determining whether Essex qualifies as a community for allotment purposes since we were unable to determine that Essex was either listed in the 1980 U.S. Census or incorporated. In response, petitioner states that Essex was incorporated in 1805 and, according to the Rand McNally Commercial Atlas, has a 1980 population of 880 persons. In addition, petitioner states that Essex has its own local government consisting of a town supervisor and four councilmen with a 1989 Town budget of $547,440. Further, petitioner submits that Essex has a number of businesses and organizations which identify themselves with the community, such as the Essex Box and Pallet Co., Essex Country Store, Essex Farms, Essex Inn, Essex Fire Department, Essex Community Heritage Organization, and Essex Community Church. Finally, petitioner notes that Essex has its own post office, zip code, library and chapters of the Order of Masons and Eastern Star. Petitioner reiterates his intention to apply for Channel 267A, if allotted.

3. Burlington opposes the allotment to Essex. It states that Essex, with a population of 880 persons, is neither incorporated nor one of the principal towns in Essex County. It goes on to submit that a spokesman for the County Department of Tourism characterized Essex as having very little growth, no local school or town sewer system. Further, it states that the residents purchase everyday items such as clothing and groceries at stores located in nearby Willsboro and Plattsburg since the Essex Country Store is the only business which remains open year-round. According to Burlington, the remaining stores, which consist of restaurants and tourist/gift shops, are seasonal, being closed from after the Columbus Day weekend until the spring. Therefore, it urges that the proposal be denied based on a finding that there is no demonstrable ability to financially support a radio station or community whose needs would be met by a local station. Finally, Burlington asserts that the residents of Essex are served by stations located in Plattsburg and Port Henry.

4. In response, petitioner reiterates the demographic information supplied in its comments. He also provides a copy of the 1980 U.S. Census which shows that the community has a population of 880 persons. He argues that the fact that Essex is both incorporated and recognized by the U.S. Census, by itself, is sufficient to demonstrate its status as a community for allotment purposes, citing *Revision of FM Assignment Policies and Procedures* (*"Revision"*), 90 FCC 2d 88, 101 (1982). This, combined with the attributes described in his comments, such as Essex's own post office, library, community organizations and businesses, demonstrably show that Essex is a geographically identifiable population grouping which qualifies as a community for allotment purposes. Thus, he urges that Channel 267A be allotted to Essex as its first local FM service.

5. After reviewing the pleadings before us, we believe that Essex clearly meets the standards of a community for allotment purposes. As stated by the petitioner, community status is generally satisfied if a place is incorporated or listed in the U.S. Census. Here, Essex meets both of these criteria. Further, it has its own local government, businesses which identify themselves with Essex, and community organizations. The fact that it may be characterized as being dependent upon tourism for its economy or lack a "thriving" local business community is not a bar to being allotted a local channel. *See,* Greenwood, SC, *et al.*, 2 FCC Rcd 3583 (1987). Therefore, based on the information before us, we find that Burlington has not provided sufficient reason to overcome the presumption of community status raised by incorporation and listing in the 1980 U.S. Census. Even in the absence of such a presumption, petitioner has demonstrated that Essex has sufficient indicia of community status for allotment purposes.

6. Channel 267A can be allotted to Essex in compliance with the Commission's minimum distance separation requirements with a site restriction of 2.9 kilometers southwest to avoid a short-spacing to the proposed substitution of Channel 268A for Channel 270A at Brandon, Vermont.[1] Canadian concurrence has been received since Essex is located within 320 kilometers (200 miles) of the U.S.-Canadian border.

7. Accordingly, pursuant to the authority contained in Sections 4(i), 5(c)(1), 303(g) and (r) and 307(b) of the Communications Act of 1934, as amended, and Sections 0.61, 0.204(b) and 0.283 of the Commission's Rules, IT IS ORDERED, That effective **September 11, 1989,** the FM Table of Allotments, Section 73.202(b) of the Commission's Rules, IS AMENDED, with respect to the community listed below, to read as follows:

City	Channel No.
Essex, New York	267A

8. The window period for filing applications will open on **September 12, 1989,** and close on **October 12, 1989.**

9. IT IS FURTHER ORDERED, That this proceeding IS TERMINATED.

10. For further information concerning this proceeding, contact Leslie K. Shapiro, Mass Media Bureau, (202) 634-6530.

FEDERAL COMMUNICATIONS COMMISSION

Karl A. Kensinger
Chief, Allocations Branch
Policy and Rules Division
Mass Media Bureau

FOOTNOTE

[1] The coordinates for this allotment are North Latitude 44-19-30 and West Longitude 73-23-05.

Before the
Federal Communications Commission
Washington, D.C. 20554

MM Docket No. 87-87

In Re Applications of

WORD OF LIFE MINISTRIES, INC.	File No. BPCT-861029KY
WESLEY GODFREY	File No. BPCT-861216IB
SHREVEPORT COMMUNITY TV	File No. BPCT-861216IC
G&D COMMUNICATIONS, INC.	File No. BPCT-8612169L

For Construction Permit
Shreveport, Louisiana

MEMORANDUM OPINION AND ORDER

Adopted: July 13, 1989; Released: July 28, 1989

By the Commission:

1. The Commission has before it for consideration an Application for Review, filed December 30, 1987 by Wesley Godfrey, an applicant in this proceeding. Godfrey seeks review of the decision by the Managing Director, under authority delegated in 47 C.F.R. § 0.231(c), that Godfrey failed to make full and proper payment of a $6,000 hearing fee. 47 U.S.C. § 158; 47 C.F.R. § 1.1104(a)(3). As a result of that determination, Godfrey's application was dismissed. The Application for Review is opposed by the Word of Life Ministries, Inc.[1] Godfrey replied to that opposition.

BACKGROUND

2. Following designation of the captioned applications for a comparative hearing, Godfrey filed a Notice of Appearance and a check for the required hearing fee on May 4, 1987. However, that check was dishonored by Godfrey's bank and returned to the Commission with the notation "account closed." Upon being notified of the failure of his fee payment, the applicant filed a Petition for Reconsideration along with a new check to cover the hearing fee. Godfrey argued that the Commission failed to follow its own procedures by not presenting the check twice to the paying bank, citing *Establishment of a Fee Collection Program* (*Fee Program*), 2 FCC Rcd 947, 957 (1987). He asserted that if the check had been presented a second time, it would have been honored. Godfrey asked for expedited treatment of his petition, reinstatement of his application, and acceptance of his Notice of Appearance *nunc pro tunc*.

3. By letter of July 21, 1987, the Managing Director determined that the "two presentment" procedure should not apply to checks returned because they were written on closed accounts. He said, "[i]t is widely accepted banking practice that a check will not be presented a second time if it has been returned because the account is closed." Nevertheless, because the *Fee Program* had not distinguished between closed accounts and other uncollectable checks, the Managing Director ruled that Godfrey's fee submission should be accepted. Shreveport filed an Application for Review of the Managing Director's action, but that pleading became moot when it was learned that Godfrey's second hearing fee check had been dishonored after two presentments to his bank.

4. Godfrey then filed a second Petition for Reconsideration.[2] He argued that our rules were unclear on whether the underlying fee must be paid with a petition requesting reconsideration or can be withheld, to be paid upon notification that the application is reinstated. Although Godfrey had submitted the underlying fee payment with his initial Petition for Reconsideration, he contends that, because of the uncertainty, the Commission should not have negotiated the check until the Managing Director had notified him of the decision to reinstate the application.

5. By letter of November 30, 1987, the Managing Director denied the second petition. The letter indicated that, by electing to tender the fee payment check with the initial Petition for Reconsideration, Godfrey had submitted a current, negotiable promise to pay. The Managing Director also noted that holding the fee payment check, as suggested by Godfrey, would violate federal law and Department of the Treasury regulations. Thereafter, by *Order*, FCC 87M-3241, released December 11, 1987, the presiding judge dismissed Godfrey's application.

APPLICATION FOR REVIEW

6. On review, the applicant asserts that the fee rules and the *Fee Collection Program* are unclear on the question of when an applicant seeking reconsideration of a fee determination must tender the underlying fee. In these circumstances, Godfrey argues that his election to resubmit the fee with the first Petition for Reconsideration should not inure to his detriment.

7. Godfrey also argues that, because the fee staff had dismissed his application, he was not an applicant in the proceeding when he filed his first Petition for Reconsideration. Thus, he argues that neither his Notice of Appearance nor the hearing fee was due, and he concludes that the check submitted therewith was not a "current obligation." Thus, the applicant contends that the Commission was not obligated to negotiate that check immediately. Godfrey suggests that the staff should have returned his Notice of Appearance and payment, and billed him for the fee upon resolution of the Petition for Reconsideration.

8. Godfrey also argues that the Fee Staff has no authority to dismiss applications in hearing status. Rather, that authority lies exclusively with the presiding Administrative Law Judge. In the alternative, he notes that the defect in the second check was not discovered within 30 days of its submission. Thus, Godfrey suggests that, under 47 C.F.R. § 1.1114(b), he should have been billed for the deficiency.

DISCUSSION

9. We have previously acknowledged that the initiation and early administration of the Fee Program engendered some confusion requiring clarification. *Establishment of a Fee Collection Program (Fee Program)*, 2 FCC Rcd 947 (1987), *recon granted in part*, 3 FCC Rcd 5987 (1988) (*Fee Reconsideration Order).* Indeed, the *Fee Reconsideration Order* dealt with the "two presentment" procedure as it applies to checks on closed accounts (3 FCC Rcd at 5992), and it required payment of the underlying fee with petitions for reconsideration of fee determinations. 3 FCC Rcd at 5991. However, any earlier lack of clarity with regard to the "two presentment" procedure inured to the applicant's benefit. Godfrey's first petition was granted on a technicality, because the Commission's bank failed to present the check twice, although to have done so would have defied accepted banking procedures. Additionally, any confusion with regard to the payment of the fee with a petition for reconsideration did not inure to Godfrey's detriment. The Applicant's second petition was not denied for a failure to submit a fee check. Rather, it was denied because Godfrey's bank dishonored the second fee payment check submitted by the applicant. Thus, Godfrey's assertions of a lack of clarity in the administration of the Fee Program provide no basis for overturning the Managing Director's November 30, 1987 decision.

10. Turning to Godfrey's suggestion that the fee payment submitted with the first Petition for Reconsideration was not a "current obligation," we note that the check, dated June 17, 1987, submitted to the Commission on June 18, 1987, and signed by Godfrey, was an unconditional promise to pay the Commission a sum certain. Under the Uniform Commercial Code, it cannot be seriously contended that the check was not a current obligation to the payee in the face amount of $6,000. Uniform Commercial Code §§ 3-104(1) and 3-104(2)(b).

11. In direct contradiction to his contention that the fee was not "due," Godfrey also argues that the fee staff lacks the authority to dismiss an application in hearing status. Although the notices from the fee staff purported to "dismiss" Godfrey's application, the applicant is correct in his assertion that the presiding Administrative Law Judge, not the fee staff, has delegated authority to dismiss an application in hearing status. *See* 47 C.F.R. § 0.341. However, Godfrey has failed to allege any prejudice resulting from the error in the wording of the notices. His application was not "dismissed" by the Fee staff.[3] Rather, that was accomplished by the presiding Judge after the Managing Director denied Godfrey's second Petition for Reconsideration. *Order*, FCC 87M-3241, released December 11, 1987. Thus, at the time he submitted his second fee check, Godfrey was an applicant in the proceeding, and his Notice of Appearance and fee payment had been due since May 4, 1987. 47 C.F.R. §§ 1.221 and 1.1107(a).

12. Once Godfrey's check was submitted to the Commission, 31 U.S.C. § 3302(b) provides, in pertinent part, that "an official or agent of the Government receiving money for the Government from any source shall deposit the money in the Treasury as soon as practicable." The regulations of the Department of the Treasury, implementing that section provide:

> An Agency will achieve same day deposit of monies. Where same day deposit is not cost-effective or is impractical, next day deposit of monies must be achieved.

31 C.F.R. § 206.5(a)(1). Thus, the Commission was prohibited, by statute and regulation, from holding the check.

13. Although the applicant argues that the Commission could have returned the check, Godfrey cites no decisions under section 3302 or the Treasury regulations to support this contention. Rather, except in cases were the Commission's rules provide for the return of a fee payment (*See* 47 C.F.R. § 1.1111), we do not believe that the Treasury regulations afford us the flexibility to return fee payments received on behalf of the Government, particularly where a facial review of the filing and fee fails to indicate any reason to do so. Moreover, as previously noted, Godfrey's first Petition for Reconsideration had requested expedited consideration. Clearly, the suggestion that we return the check and bill him later is inconsistent with the request for expedition.[4]

14. In the alternative, Godfrey argues that, because it took more than 30 days to discover the defect in his second check, under 47 C.F.R. § 1.1114(b), the Commission should have billed him for the fee due plus a 25% penalty. This argument was not made to the Managing Director, and review on this basis is therefore precluded. *See* 47 C.F.R. § 1.115(c). In any event, section 1.1114(b) is inapplicable because Godfrey's filing included a fee payment instrument in the proper amount. Thus, it was not "accompanied by insufficient fees or no fees" within the meaning of the rule, and it was not "inadvertently forwarded" for substantive review, since, on the face of the submission, there was no apparent underpayment for the fee processing staff to detect. Section 1.1114(b) affords a "legitimate expectation of some finality as to the review of its fee submission" in cases where "the fee staff fails to detect an underpayment and that *mistake* is not discovered within thirty calendar days of receipt." *Fee Program*, 2 FCC Rcd 947, 957 (1987) (emphasis added). However, where, as here, there is no patent fee defect, section 1.1114(b) is inapplicable. As Godfrey's second fee payment contained a latent defect which was not discoverable until the check was dishonored twice by the paying bank, the underlying filing was subject to dismissal under 47 C.F.R. § 1.1107(b).[5]

CONCLUSION

15. We have on three occasions attempted to negotiate checks submitted by Wesley Godfrey in satisfaction of the applicant's obligation to pay the hearing fee. On all three occasions, Godfrey's bank dishonored the checks, once because the account was closed and twice because the account contained insufficient funds. Nothing in Godfrey's Application for Review persuades us that the Managing Director's decisions were based on errors of fact or law.

16. Accordingly, IT IS ORDERED THAT the Application for Review filed by Wesley Godfrey IS DENIED.

FEDERAL COMMUNICATIONS COMMISSION

Donna R. Searcy
Secretary

FOOTNOTES

[1] Pursuant to a settlement agreement approved by the presiding Administrative Law Judge, Word of Life's application was granted. *Order* FCC 87M-3374, released December 28, 1987. Godfrey did not participate in the settlement.

[2] The second petition was opposed by Shreveport and Word of Life.

[3] The Managing Director's November 30, 1987 decision did not purport to dismiss the application. Rather, it noted that the "Fee Section properly dismissed Godfrey's notice of appearance upon learning that the check in payment of the fee had been returned." In our view, the authority delegated to the Managing Director includes the authority to dismiss filings like a notice of appearance, where the fee payment required to be submitted with the filing fails to accomplish the satisfaction of the fee obligation.

[4] In the interests of expedition, Godfrey elected to include a fee payment check with his first petition for reconsideration, although our rules at the time did not require payment of the underlying fee with such petitions. Indeed it was to avoid delays engendered by the billing process that we amended section 1.1116 to require payment of the underlying fee with petitions for reconsideration and applications for review. 47 C.F.R. § 1.1116(b); *Fee Reconsideration Order*, 3 FCC Rcd at 5991.

[5] The payment defects enumerated in section 1.1107(b) are more extensive than those in section 1.1114(b), and the cross reference to section 1.1114 in section 1.1107 merely indicates that section 1.1114 also deals with Commission action in cases of some categories of defective fees.

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

H. JAMES SHARP

Request for a Fee Refund

MEMORANDUM OPINION AND ORDER

Adopted: July 13, 1989; Released: July 28, 1989

By the Commission:

1. The Commission has before it for consideration an Application for Review filed on behalf of H. James Sharp, seeking a refund of a filing fee. Mr. Sharp's application for a new television station on a channel not available in the Television Table of Allotments, 47 C.F.R. § 73.606, was returned for violation of 47 C.F.R. § 73.607. His request for a refund of the filing fee was denied by the Managing Director in a January 4, 1989 decision issued pursuant to authority delegated in 47 C.F.R. § 0.231(c). Mr. Sharp seeks review of the Managing Director's decision.

2. The Application for Review argues for the first time that Mr. Sharp's application should be considered an untimely "window" filing entitling him to a refund. *Establishment of a Fee Collection Program*, 2 FCC Rcd 947 (1987), *as modified*, 3 FCC Rcd 5987, 5988 (1988) (*Fee Reconsideration Order); see also* 47 C.F.R. § 1.1111. However, Mr. Sharp could have raised this argument below by supplementing his refund request after the release of the *Fee Reconsideration Order* or by requesting reconsideration of the Managing Director's decision denying that request. As he did not, grant of his Application for Review is precluded by section 1.115(c) of the Commission's rules. 47 C.F.R. § 1.115(c).

3. In any event, Mr. Sharp's application was not returned because it was untimely; it was returned for failure to specify an available channel. *See* 47 C.F.R. 73.607. Thus, because 47 C.F.R. § 1.1111(a)(6) relates to certain "untimely" applications, it is inapplicable. Moreover, even assuming *arguendo* that the application was "untimely" within the meaning of 47 C.F.R. § 1.1111(a)(6), it was clearly not a "window" filing within the meaning of that rule. Indeed, the *Fee Reconsideration Order* listed the services that are currently applied for under a "window" procedure, and full power television is not one of those services. 3 FCC Rcd at 5988 n.1. In this context, "window" is a term of art used to differentiate the application procedure in 47 C.F.R. § 73.3564(d) from the "cut-off" procedure in 47 C.F.R. § 73.3564(c). A "window" application is only one for which the Commission "announc[es] the earliest and latest dates by which such application may be filed." *Fee Reconsideration Order,* 3 FCC Rcd at 5988. For example, under the "window" procedure used for FM radio, 47 C.F.R. § 73.3564(d), both the earliest and latest dates for filing applications are specified in the *Report and Order* adding the channel to the FM Table of Allotments. 47 C.F.R. § 73.202. In contrast, under the "cut-off" procedure in 47 C.F.R. § 73.3564(c), the earliest permissible date for filing a full power television application like Mr. Sharp's would be the effective date of any *Report and Order* adding the channel to the Table of Allotments, 47 C.F.R. §§ 73.606 and 73.607, and applications may be filed any time thereafter, until the "cut-off" date established after the first such application is filed.

4. Accordingly, IT IS ORDERED that, pursuant to section 1.115(c) of the Commission's rules, 47 C.F.R. § 1.115(c), the Application for Review filed by H. James Sharp IS DISMISSED.

FEDERAL COMMUNICATIONS COMMISSION

Donna R. Searcy
Secretary

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

AT&T COMMUNICATIONS Revisions to Tariff F.C.C. No. 9 — Transmittal No. 1656

ORDER

Adopted: July 19, 1989; Released: July 21, 1989

By the Deputy Chief, Common Carrier Bureau:

1. On June 23, 1989, AT&T Communications (AT&T) filed Transmittal No. 1656, proposing a 20 percent reduction in the rates for Dataphone Digital Service (DDS), 56 kilobits (Kbps) per second, under the monthly and fixed rate plans. Transmittal 1656 is scheduled to become effective July 22, 1989.

2. On June 30, 1989, US Sprint Communications Company Limited Partnership (US Sprint) filed a petition to reject AT&T's proposed tariff revisions.[1] US Sprint asserts that AT&T has calculated the impact of this proposed rate reduction in relation to the voice grade and below service band index even though 56 Kbps DDS should not be considered part of this service category. US Sprint Petition at 1. US Sprint states that while it does not speculate on AT&T's reasons for attempting to classify 56 Kbps DDS as a voice grade or below service, there is a strong probability that the proposed 20 percent DDS reduction will fall outside the lower band established by the Commission's price cap rules for the other private line service category in which DDS properly belongs. *Id.* at 2.

3. AT&T replies[2] that it properly classified 56 Kbps DDS within the voice grade and below category because both voice grade and 56 Kbps DDS are provisioned over digital service facilities. AT&T states that such facilities are capable of supporting voice grade analog services in an equivalent bandwidth of approximately three kilohertz, and digital voice grade services at a digital bit rate of 64 Kbps or less. It asserts that both voice grade and 56 Kbps DDS offer customers services of equivalent capacity. AT&T Reply at 2.

4. The Common Carrier Bureau has reviewed the tariff transmittal and the pleadings. We conclude that no compelling argument has been presented that the proposed tariff is patently unlawful so as to require rejection, and that no question has been presented that warrants investigation at this time.

5. In reaching this conclusion, we note that the two categories the Commission established in the price cap rules for AT&T's private line services -- "voice grade and below" and "other private line" -- are not determined on the basis of whether the services are offered as analog or digital, or whether the messages transmitted are voice or data. [3] Rather, the distinction drawn between the two categories is based on a measure of capacity, *i.e.*, speed and size of the bandwidth. Given that AT&T provisions certain voice grade services at a digital bit rate of 64 kilobits, we find that the inclusion of the 56 kilobit DDS in the voice grade and below category is fully consistent with the Commission's *Price Cap Order*.[4]

6. Accordingly, IT IS ORDERED that the petition to reject the above captioned transmittal filed by US Sprint Communications Company Limited Partnership IS DENIED.

FEDERAL COMMUNICATIONS COMMISSION

Carl D. Lawson
Deputy Chief (Policy)

FOOTNOTES

[1] US Sprint Communications Company Limited Partnership Petition To Reject (US Sprint Petition), filed June 30, 1989.

[2] American Telephone and Telegraph Company, Reply, Transmittal No. 1656, filed July 5, 1989 (AT&T Reply).

[3] *See* Section 61.42(b)(3) of the Commission's Rules, 47 C.F.R. § 61.42(b)(3).

[4] Policy and Rules Concerning Rates for Dominant Carriers, CC Docket No. 87-313, Report and Order and Second Further Notice of Proposed Rule Making, 4 FCC Rcd 2873 (1989).

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

WESTERN UNION CORPORATION
Tariff F.C.C. No. 260

Transmittal No. 8730

ORDER

Adopted: July 20, 1989; **Released: July 21, 1989**

By the Deputy Chief, Common Carrier Bureau:

1. On July 19, 1989, Churchill Communications Corporation (Churchill) filed a motion for an extension of time for filing a petition against Western Union Corporation's (Western Union) Transmittal No. 8730.[1] Churchill requests an extension until July 25, 1989.

2. Churchill contends that an attachment to Western Union's tariff filing on July 14 was not included in the copies filed with the Commission, thus rendering the filing incomplete. Churchill Motion at 1. Churchill also contends that the missing attachment is integral to Western Union's filing, and that in order to determine how to respond to the filings, interested parties must have this attachment. Id. at 2. Finally, Churchill indicates that Western Union has no objection to Churchill's request for an extension of time until July 25. *Id.* at 3.

3. The Common Carrier Bureau has reviewed the tariff transmittal and Churchill's motion and concluded that the public interest would be served by a grant of Churchill's motion. We also conclude that all interested parties should be afforded a similar extension of time. Therefore, all petitions pertaining to Transmittal 8730 must be filed not later than July 25, 1989.

4. Accordingly, IT IS ORDERED that the motion for extension of time filed by Churchill Communications Corporation with regard to the above-captioned transmittal IS GRANTED.

FEDERAL COMMUNICATIONS COMMISSION

Carl D. Lawson
Deputy Chief (Policy)

FOOTNOTE

[1] Western Union Corporation, Tariff F.C.C. No. 260, Transmittal No. 8730, filed July 14, 1989.

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

AT&T COMMUNICATIONS — Transmittal No. 1618

Revisions to Tariff F.C.C. Nos. 1 and 13

MEMORANDUM OPINION AND ORDER

Adopted: June 30, 1989; Released: June 30, 1989

By the Chief, Common Carrier Bureau:

I. INTRODUCTION AND BACKGROUND

1. On May 17, 1989, AT&T Communications (AT&T) filed the above-captioned proposed revisions to modify AT&T Tariff F.C.C. Nos. 1 and 13 in response to the Commission's recent Order and rules adopted in CC Docket No. 87-313 to implement incentive regulation of dominant interexchange carriers.[1] On June 1, 1989, five parties filed petitions in opposition to these proposed tariff revisions.[2] AT&T filed its reply on June 12, 1989.[3] The proposed revisions are scheduled to become effective July 1, 1989.

2. The *Price Cap Order* makes streamlined review of most AT&T rate level changes available so long as AT&T's tariff rates meet two criteria: (1) the proposed rates are below the cap; and (2) the proposed rates do not violate a series of pricing rules, known as price "bands," that limit annual increases and decreases in prices. Rates that are set equal to or less than the applicable cap, and that are within the bands, are presumed lawful and, therefore, fall within a "no-suspension" zone established by the price cap rules. These rates may be filed on 14 days' notice and petitioners seeking to suspend the proposed tariffs have to make a showing akin to that required for injunctive relief. Rates filed outside the "no-suspension" zone are subject to various types of tariff showings, must be filed on longer notice periods, and are not presumed lawful.

3. The Commission grouped AT&T's services into three service baskets, each of which is subject to a separate cap: residential and small business services (Basket 1); inward (800) services (Basket 2); and all other services (Basket 3). Within each basket, the Commission identified individual service categories to which price bands apply. Upper and lower band limits of 5 percent apply to the average weighted rate changes in all but two service categories.[4] In addition, the Commission required AT&T to calculate an average residential rate and limited the upper band on that rate to 1 percent.[5] The 1 percent band on the average residential rate guarantees that residential ratepayers will receive a real (inflation-adjusted) rate decrease of 2 percent per year as a result of the Commission's decision to adjust price cap indexes annually by applying a 3 percent productivity offset, apart from exogenous cost changes.[6]

4. Compliance with the cap and band limitations is accomplished through the use of three indexes. The price cap index (PCI) measures changes in costs of factors of production facing AT&T and acts as the maximum limit on prices in a basket. The actual price index (API) measures the baskets' aggregate level of proposed prices to ensure that actual prices are under the PCI. Finally, the service band index (SBI) sets limits on changes in individual service rates. To initiate the indexes, the Commission ordered AT&T to normalize the indexes at 100 as of December 31, 1988. Changes in the components of the indexes (for example, price changes, with respect to the APIs and SBIs, and access cost changes with respect to the PCIs) that occur from January 1, 1989, to July 1, 1989, would result in changing values for those indexes by the time price cap regulation is initiated on July 1, 1989.

II. AT&T INDEXES AND PROPOSED TARIFF

5. In the Description and Justification (D&J) accompanying the above referenced transmittal, AT&T provides information on the indexes it has calculated under the *Price Cap Order* as well as additional information on the tariff revisions that it proposes to make to bring its tariffs into compliance with that Order. These indexes and AT&T's supporting calculations form the basis for AT&T's assertion that its filing complies with the requirements of the price cap rules.[7]

A. AT&T Indexes

6. AT&T is required to develop and report the values of its various indexes in connection with each tariff filing. As indicated above, in the absence of an extraordinary showing, each filing must propose rates such that the API, the index of AT&T's actual prices in each basket, becomes equal to or less than the PCI for that basket. Also, AT&T's rate changes within each service category should not cause the SBI for that service category to extend beyond the upper or lower bands established in the *Price Cap Order*, unless AT&T is prepared to provide additional justification.

7. The Commission initiated AT&T's PCIs and APIs at 100 for each basket as of December 31, 1988. In connection with its May 17, 1989, filing, AT&T then calculated the values for those indexes as of June 30, 1989, and July 1, 1989. AT&T's reported PCI and API values[8] are shown in Table I below.

TABLE I: AT & T PCI and API Values

	December 31, 1988		June 30, 1989		July 1, 1989	
	PCI	API	PCI	API	PCI	API
Basket 1	100	100	96.6	98.4	97.5	97.5
Basket 2	100	100	96.8	97.3	97.7	94.8
Basket 3	100	100	98.3	97.0	99.5	96.9

8. AT&T also calculated the SBIs for the bands in each of the three baskets and includes those data in its D&J.[9] As an example, we have set out in Table II AT&T's SBIs for each of the six bands in Basket 1.[10] Table II also includes AT&T's average residential rate index calculated as of June 30 and July 1, 1989.[11]

TABLE II: AT & T SBI Values

Service Bands	June 30, 1989	July 1, 1989
Domestic day MTS	95.7	94.7
Domestic evening MTS	99.5	98.9
Domestic night/ weekend MTS	99.6	99.1
International MTS	99.2	98.0
Operator and credit card	98.6	98.1
Reach Out America	97.1	95.3
Average Residential Rate Index	98.9	98.1

B. AT&T's Proposed Tariff

9. As of June 30, 1989, the AT&T's rates, as reflected in its APIs for Baskets 1 and 2, exceeded the levels that would have been permitted had price cap limitations been in effect. *See* Table I above. To bring the API for each basket down to a point equal to or less than the relevant PCI as of the effective date of the initial price cap tariffs, AT&T has filed a number of proposed revisions to the rates for its services in Basket 1. These changes will not only make the Basket 1 API equal to the relevant PCI but, together with other pending revisions, will also bring the Basket 2 API down to a point below the relevant PCI. According to AT&T, the changes it proposes in the residential and small business services basket, will reduce its revenues by approximately $140 million in total and will reduce, by approximately $100 million, its revenues from residential usage.

10. AT&T's proposed changes, include, first, lower rates for Long Distance Message Telecommunication Service (MTS), for REACH OUT America service, and for international MTS service. According to AT&T, these particular revisions will result in an aggregate reduction in domestic MTS usage revenues of approximately $60 million. Second, AT&T proposes to reduce charges for dial calls from the U.S. mainland to 25 selected country/areas and to reduce rates for calls from Puerto Rico and the Virgin Islands to 138 selected country/areas. Finally, AT&T proposes to eliminate certain surcharges on operator-assisted calls and calling card calls placed from Mexico and billed in the United States.[12]

III. DISCUSSION OF ISSUES

11. The five parties that formally petitioned against this filing and the State of Alaska in its letter to the Commission express a number of concerns with regard to this first annual tariff submission by AT&T under the *Price Cap Order*. Petitioners object to the supporting materials provided by AT&T, disagree with AT&T's treatment of certain services included in the baskets and bands, and, finally, challenge the portion of AT&T's proposed tariff covering AT&T service to Alaska.

A. Supporting Materials

1. *Positions of the Parties*

a. Petitioners

12. Allnet, Comptel, NTN, and Sprint allege that AT&T fails to provide adequate supporting materials with these proposed tariff revisions.[13] Specifically, these petitioners argue that AT&T has provided insufficient demand and revenue data to judge the reasonableness of AT&T's index calculations.

13. Allnet, Comptel, and Sprint claim that AT&T fails to provide the information expressly required by Section 61.49 of the Commission's Rules, 47 C.F.R. § 61.49.[14] As a result, according to Allnet, the filing presents a "black box" to the Commission and interested parties and provides AT&T with immense flexibility to manipulate data and to circumvent the Commission's Rules.[15] Furthermore, NTN expresses concern that AT&T's alleged failure to comply with the Commission's new price cap rules could set the stage for future AT&T filings which might include excessive rate increases or predatory rate reductions but exclude the data needed by the Commission and the public for adequate oversight.[16]

14. According to Sprint, the most serious omission in these materials is the complete lack of any demand data.[17] Comptel adds that, contrary to Section 61.49(a) and Section 61.49(b) of the Commission's Rules, 47 C.F.R. §§ 61.49(a), 61.49(b), AT&T omits the demand data that is minimally necessary to allow interested parties to ascertain whether AT&T's proferred API and SBI values are justifiable and accurate.[18] Sprint cautions that without data relating to the switched and special access demand underlying each of AT&T's services, the Commission cannot determine whether AT&T has properly allocated its access charges across the baskets and among its services.[19] Sprint also argues that service by service demand data is needed from AT&T to ensure that endogenous and non-access exogenous costs are properly allocated to each of the services and their respective baskets. Finally, Sprint claims that demand data by AT&T rate element (or at least by service category) is needed to confirm the revenue data that AT&T uses in this filing.[20]

15. Allnet notes that AT&T estimates the revenues associated with each rate element and, on that basis, Allnet complains that such figures do not necessarily reflect the actual values of such revenues.[21] More specifically, Allnet submits that AT&T fails to provide the revenue weights for each rate element which, according to Allnet, are required by Section 61.47(a) of the Commission's Rules, 47 C.F.R. §61.47(a).[22] Similarly, while Sprint acknowledges that AT&T does provide 1988 base period revenues, Sprint argues that the revenue data AT&T filed cannot be reconciled with other revenue data on file at the Commission.[23]

16. Furthermore, Allnet claims that AT&T makes two errors in its support materials. Allnet asserts, first, that AT&T's demand estimation methods are flawed by assumptions made regarding the uniformity of rate mileage distributions across rate periods and by assumptions made about the uniformity of messages and minutes across both rate periods and mileage bands.[24] Second, Allnet alleges that AT&T has erred in the calculation of its PCI and SBI values. Allnet asserts that AT&T calculates its new PCI and SBI levels relative to an intermediate determination of the PCI and SBI values, as if a price cap filing had previously been made on June 30, 1989. Allnet says this approach is not consistent with the Commission's Rules which, according to Allnet, require that all APIs, PCIs, and SBIs, in the initial price cap filing, be adjusted to reflect changes in rates and costs that occur between January 1, 1989, and June 30, 1989. On this basis, Allnet

determines that instead of computing SBI limits as of January 1, 1989, AT&T computed them as of June 30, 1989, a clear error in Allnet's view.[25]

17. Sprint complains that AT&T fails to provide an explanation of how it determined which rates were to be reduced in this filing.[26] Sprint states that because there is no demand data by rate element, it is not possible to ascertain whether AT&T's proposed rate reductions actually caused the residential/small business basket API to fall below the relevant PCI.[27]

18. Comptel asserts that the rate cuts proposed in this filing are not the result of the benefits ratepayers can be expected to receive under price cap regulation, but are merely the result of the Commission's failure to require a complete flow through of access charge decreases that became effective earlier this year. According to Comptel, it is disingenuous for the Commission to claim that the proposed rate cuts stem from price cap regulation.[28]

b. AT&T

19. AT&T responds to both the general objections to its support materials as well as to the specific concerns expressed by petitioners. AT&T acknowledges the Commission required that AT&T tariff materials be sufficient to demonstrate compliance with the applicable band limits and to calculate the related adjustments to the indexes for the basket and service categories.[29] However, AT&T argues that it has provided the supporting information and calculations required by the *Price Cap Order* and that an important purpose of that Order is to reduce rather than increase AT&T's obligation to prepare tariff support materials.[30]

20. AT&T also addresses the specific allegations of the petitioners that AT&T's demand data is not adequate, that revenue calculations could not be confirmed, and that AT&T made errors in its support materials. AT&T says that detailed demand information was not required under rate of return regulation and is not now required under price cap regulation.[31] Second, AT&T contends that, contrary to the *Price Cap Order*'s objective of decreasing tariff filing burdens on AT&T, insistence on such detailed information would increase its burdens considerably.[32] Finally, while AT&T acknowledges that it does not collect rate element level demand detail, it explains its use of estimates to disaggregate demand figures collected by its existing systems and to calculate demand at the rate element level.[33]

21. AT&T also responds to petitioners' contention that it has not provided sufficient revenue data to support the indexes contained in its support materials. In response to claims that AT&T must provide actual rather than estimated current and base period revenue data, AT&T submits that provision of such data is not required by the Commission's price cap plan. AT&T asserts that the petitioners' demand for such revenue data is inconsistent with the objective of reducing the burden of tariff filings on AT&T and would also undermine the administrative cost savings which are one of the anticipated benefits of incentive-based regulation.[34] AT&T asserts that it was the Commission's intent that the amount of information AT&T must collect and file under price cap regulation be substantiallly less than that under rate of return.[35] According to AT&T, petitioners fail to show any regulatory purpose that would be served by provison of these data, especially in the context of a price cap plan which does not cap or band rates at the rate element level.[36]

22. The revenue data that AT&T provides in its support materials and the revenue data that it has provided in earlier reports to the Commission are not inconsistent, AT&T explains, because the differences in the figures are attributable to such factors as the limitation of the current tariff support data to domestically-billed interstate service as of a particular time, the exclusion from the current data of revenue from settlements, revenue from various exempted tariffs, revenue from streamlined services, and revenue from foreign-billed service as well as differences in the procedures used to develop these revenue reports. Accordingly, AT&T states that there is no reason to expect that the revenue figures in these reports would be reflected in AT&T's tariff support materials.[37]

23. Additionally, AT&T denies Allnet's claim that AT&T made certain errors in calculating its indexes. AT&T responds that its demand determinations are based on the unique rate distributions and call distributions for each rate period.[38] AT&T contends that the upper and lower band limitations in the price cap plan are determined by the rate levels as of June 30, 1989 -- rather than December 31, 1988 -- just prior to the effective date of these proposed tariff revisions.[39]

2. *Discussion*

24. The parties submitting petitions against AT&T's inaugural price cap tariff for the most part have focused on whether the materials filed in support of the tariff are sufficient to demonstrate compliance with the price cap rules.[40] These parties argue that the Commission should set AT&T's price cap filing for investigation, and require AT&T to come forward with additional data. For the reasons described below, we find that in general AT&T's supporting information is sufficient for us to determine that AT&T complied with the rules governing rate filings under price cap regulation. The tariff will therefore not be set for investigation.[41]

25. We do note a few deficiencies in AT&T's presentation of supporting information that tend to render portions of the justification ambiguous. The scope of the deficiencies, however, is small, and does not require investigation to resolve. This Order should provide AT&T with sufficient additional guidance for future price cap filings.

26. In reviewing the claims that the support materials filed with AT&T's price cap tariff are insufficient, we begin our analysis from the longstanding principle that materials filed in support of a tariff are intended to assist the Commission in its review of proposed rates.[42] Thus, the issue presented for resolution is whether, from our perspective, sufficient information has been provided to determine if the price cap rules have been followed. The first, and overarching, guideline contained in the *Price Cap Order* is that price cap regulation is intended to result in regulation that is less administratively burdensome than rate of return regulation.[43] The Commission stated that under price cap regulation, "[t]he amount of cost support accompanying streamlined . . . tariff filings will be minimal, focusing solely on the question of whether the proposed rate has exceeded the limit established by the price cap formula."[44] In discussing the AT&T price cap plan specifically, the Commission said that it expected AT&T to file "substantially less" information than under rate of return regulation, since the purpose of the support materials is to present a mathematical demonstration that actual prices are below the cap.[45]

27. The Commission also stated, however, that the support data must contain "materials sufficient to calculate required adjustments to each PCI, API, and SBI . . . ."[46] Since the supporting information for price cap tariffs consists primarily of a mathematical verification that AT&T complied with the Commission's rules, the supporting materials must demonstrate that the calculations properly execute the rules. Thus, the need for verification must be balanced with the execution of the Commission's desire that filing burdens be reduced in deciding whether the support materials filed are sufficient.

28. The fundamental problem petitioners cite with regard to AT&T's support materials is the failure to include demand at the service or rate element level. According to the parties, this omission results in a complete inability to verify that the index levels are correct.

29. Historical demand data are significant to the calculation of each of the indexes. The API and the SBI are the indexes most directly affected by historical demand. These indexes are essentially composed of two parameters: base year quantities sold and price (existing and proposed). For example, the new API level is derived by multiplying the existing API level by the sum of the weighted ratios of proposed prices to existing prices, as follows:[47]

$$API_t = API_{t-1} [\Sigma_i v_i (p_t/p_{t-1})_i]$$

where

API_t = the proposed API value,

API_{t-1} = the existing API value,

p_t = the proposed price for rate element "i,"

p_{t-1} = the existing price for rate element "i,"

v_i = the current estimated revenue weight for rate element "i," calculated as the ratio of the base period demand for the rate element "i" priced at the existing rate, to the base period demand for the entire basket of services priced at existing rates.

30. The two parameters to the formula -- price and quantity -- are in general historically verifiable numbers, not subject to dispute. Prices are given in existing and proposed tariffs. Quantities are derived from business records AT&T routinely keeps.[48] Thus, the staff can verify the variables in the formula from existing records.[49] We do not believe it necessary to require AT&T to file these data. First, the workpapers AT&T would have to submit would be voluminous. To derive the API or SBI, AT&T must perform the mathematical calculation in the formula 6,000 times, once for each of its approximately 6,000 rate elements regulated under the price cap rules. Second, the Commission did not require submission of rate element quantity data under rate of return regulation and collection of such data now would be inconsistent with the Commission's objective of minimizing filing burdens. Finally, submission of such data would likely raise competitive concerns.[50] Therefore, we do not agree that rate element quantity data need be part of the support materials for below-cap, within-band rate changes.[51]

31. In reaching this conclusion, we recognize that AT&T employs a sampling procedure to derive historical quantity information, and must therefore extrapolate demand quantities from its sample. AT&T has for some time used this method of calculating its historical demand. We do not see why the initiation of price caps should cause us to require AT&T to change its data collection methods, when we have previously relied on those collections in evaluating its tariff support. Allnet's arguments concerning the deficiencies in the system of collecting data appear to derive from its misunderstanding of AT&T's explanation of the development of the demand data. AT&T obtains the demand information used in its price cap formulas from its sample of demand data and expands this sample to derive an estimate of the total number of minutes of use. This is exactly the method AT&T has used in the past to calculate its historical demand. Thus, Allnet's argument appears to be without merit.

32. We have also carefully evaluated Sprint's claim that the revenue information AT&T filed with its support material for 1988 cannot be verified based on other revenue data on file at the Commission. As AT&T explains in its reply, the revenue data filed for price cap purposes is different from the other revenue data on file, and direct comparisons cannot be made.

33. Questions have been raised by petitioners about the Commission's intent with regard to the initialization of the SBI. Specifically, we have been asked to resolve the initial date from which SBI limits are calculated.[52] We find that resolution of this issue is not necessary for the purpose of deciding whether to permit AT&T's price cap tariff to take effect. In general, the majority of rates AT&T has filed appear to fall within the bands as those bands are described by the petitioning parties, and certainly fall within the bands as AT&T defines them. To the extent proposed rates appear to be below the banding limitations as defined by petitioners, AT&T previously justified the rate decrease with a cost showing that subsumes the Commission's requirement that below-band rates exceed average variable cost.[53] While we recognize that revisitation of this issue will be necessary at a future time (and indeed, may be compelled by a future rate change), we find no cause to order an investigation of this price cap tariff based on the SBI levels calculated by AT&T.

34. Furthermore, arguments that AT&T must explain why it decreased particular rate elements in its filing are misplaced. The price cap rules do not require that AT&T provide an explanation for its pricing decisions when it files a below-cap, within-band set of rates. Price cap regulation creates a "no-suspension" zone, within which AT&T is generally free to change rates consistent with the rules regarding price caps and banding.

35. Nor does it appear that AT&T has ignored the Commission's price cap rules and simply flowed through access charge decreases that were not flowed through on earlier occasions. On April 1, as part of our review of local exchange carrier (LEC) access tariffs and AT&T rates, AT&T was subject to a rate of return review of its rates. At that time, rates were retargeted to earn the authorized return. Rates proposed by AT&T in this transmittal represent application of price cap principles. The price cap rules, including the Consumer Productivity Dividend, result in rate cuts of $140 million to AT&T's services in the aggregate, a direct result of price cap regulation.

B. Basket and Band Requirements

1. *Positions of the Parties*

a. Petitioners

36. Petitioners express several concerns regarding AT&T's treatment of services within the baskets and bands established under the *Price Cap Order*. These concerns include questions regarding AT&T's calculation of the average residential rate for consumers, objections to AT&T's procedures for adjusting demand to account for both new services and the restructuring of existing services, and, finally, uncertainties regarding the impact of a discount program on the revenues attributable to the underlying service.

37. Section 61.47(g) of the Commission's Rules, 47 C.F.R. § 67.47(g), requires that AT&T calculate a "composite average rate for services contained in the residential and small business services basket that are purchased by residential customers."[54] That section provides that AT&T's annual upward pricing flexibility for the average residential rate is limited to 1 percent relative to the percent change in the PCI for the residential and small business services basket. Allnet contends that AT&T has not provided sufficient information in its support materials to allow calculation of the average residential rate and thereby permit verification that the Commission's rules have been satisfied.[55] More specifically, Sprint states that AT&T does not provide any of the residential usage data or the average residential revenue per minute at current and proposed rates. Without such data, Sprint claims, it is impossible to ascertain whether the 1 percent rule has been satisfied.[56]

38. Allnet argues that AT&T has credited price cuts to the incorrect baskets.[57] Allnet states that AT&T's proposed discount for credit card calling by Megacom customers is a rate cut that should be reflected in the operator and credit card category within Basket 1, and should not be credited to Megacom rates in Basket 3. Allnet asserts that by crediting the rate cut to the third basket, AT&T avoids rate band limitations in the first basket.[58]

39. Allnet, NTN, and Sprint object to AT&T's procedures in adjusting demand to account for new services and changes to existing services.[59] For example, Sprint states that AT&T utilizes various methods to adjust demand but submits that since AT&T provides no detailed information on these matters, it is impossible to track the change in the base gross revenues or to subject the 1989 indexes to meaningful analysis and evaluation.[60]

40. Finally, Allnet claims that AT&T has failed to account for all discount plans that it is currently offering.[61] For example, Allnet notes certain AT&T long distance customers now receive discounts on their purchases of AT&T answering machines. Allnet argues that such discounts must be taken into account by reducing the effective rates attributable to the underlying long distance service.[62]

b. AT&T

41. AT&T responds that it has described at length the process by which it disaggregated 1988 base period demand to the rate element level in order to calculate the average residential rate.[63] AT&T submits that in this as well as other areas its process for computing price cap indexes and band limitations complies with the requirements of the *Price Cap Order*.[64]

42. Since the Megacom discount directly affects the rates paid by (and hence revenues obtained from) Megacom customers, AT&T claims it is fully consistent with the price cap scheme to reflect these AT&T card discounts in the same basket and band as other Megacom revenues.[65]

43. AT&T also responds that its tariff support materials describe in detail each of the methods used to reclassify demand including aggregation of previously separate rate elements, subdivision of base demand to reflect the creation of new rate elements as well as the remapping of demand between services.[66] AT&T notes that it itemizes the various rate structure changes since the beginning of 1989, identifies the services affected in each case, and specifies the methods used for the reclassification in each case.[67]

44. Finally, AT&T explains that the discount program cited by Allnet offers long distance customers discounts in their monthly installment payments for purchasing AT&T products. AT&T states these product discounts are funded solely by AT&T Consumer Products and that AT&T collects the full revenue for its tariffed services. Accordingly, AT&T claims there are no grounds for adjusting its revenue computations to reflect that discount program.[68]

2. *Discussion*

45. While AT&T provides considerable information regarding the various components of its average residential rate, we recognize it may be difficult to follow AT&T's step-by-step procedures in calculating that rate. For example, the narrative explanation does not illuminate how AT&T was able to convert LEC customer line counts into messages and minutes. This becomes clearer with some understanding of the call detail and other information provided by the LECs with those line counts. Similarly, without some familiarity with AT&T's data sampling system, it may be difficult to understand how AT&T obtained the "unique rate period and rate mileage distributions" which it applies to total messages and minutes to develop rate element level historical demand.[69] Subsequent price cap filings should clarify such matters and provide more complete step-by-step information on the calculation of its average residential rate. However, as with the other changes needed in these materials, these deficiencies are not so serious as to warrant investigation of the pending tariff.

46. We have reviewed AT&T's calculation of the average residential rate to determine whether it is accurate, consistent, and based on reliable methodologies and whether it meets the 1 percent rule in Section 61.47(g) of the Commission's Rules, 47 C.F.R. § 61.47(g). We are satisfied that this rate is based on reliable methodologies and that it is therefore accurate for purposes of the *Price Cap Order*. We will continue to monitor AT&T's calculation of the rate to satisfy ourselves that the methodology employed is being consistently applied and that it continues to be accurate. We are satisfied that the average residential rate reflected in these support materials meets the 1 percent rule noted above.

47. AT&T's remapping of demand also has drawn comment from interested parties. In the context of the current filing, remapping of demand is required as a result of the

restructuring of a tariff by AT&T, either during the base year or after the conclusion of that year, but prior to the effective date of the annual price cap tariff. Remapping is a process of calculating what quantities would have occurred during the base year had the current structure been in effect all along. Thus, base year quantities are effectively "corrected" to account for the current structure of AT&T's tariffs. The *Price Cap Order* did not specify how AT&T should remap its demand base, finding that restructuring could take many forms. The Commission simply stated that AT&T should use reasonable estimation techniques.[70]

48. In order to ensure that base year quantities are calculated correctly, we need to be able to evaluate the methods AT&T used to remap demand. In its filing, AT&T presented five different types of demand remapping: (1) subdivision of a rate element; (2) aggregation of two or more rate elements; (3) remapping within a service category (among rate elements of the service); (4) remapping within a basket, but across service categories; and (5) remapping across baskets.[71] An exhibit identifies each tariff restructuring filed since December 31, 1988, and lists the type of demand remapping required.

49. AT&T also gives narrative examples of how demand is remapped using various examples of restructurings.[72] As an example of a relatively simple disaggregation of rate elements within one service, AT&T cites the addition of a larger discount for Megacom customers with usage in excess of $30,000 per month. Until the tariff was changed April 1, 1989, only one level of discount was available for customers with usage in excess of $10,000. Remapping of demand between the three resulting rate levels (less than $10,000, $10,000 to $30,000, and more than $30,000) simply required an historical analysis of Megacom demand by each of the three usage levels.

50. Other examples of simple restructurings are also provided.[73] As an example of an aggregation of two rate elements into one, AT&T cites the elimination of Type 2 Central Office Connections for DDS service, and its replacement with Type 1 connections. Thus, the demand for the rate element reflecting central office connections simply became the aggregate demand that existed for the two different types of connections.

51. Some restructurings were more complex. For example, the introduction of a discount on AT&T Card calls placed by Megacom customers required AT&T to remap demand from both the AT&T Credit Card service category in Basket 1 and from the Pro America service category in Basket 3. To estimate the number of Megacom subscribers using an AT&T credit card, and the type of usage to expect under a Megacom/credit card discount plan, users of Pro WATS III were used as a surrogate. To determine the effect of the new Megacom rate element on the demand of existing services, AT&T relied on marketing information it had previously developed.[74]

52. AT&T's explanations concerning demand remapping illustrate a rational approach to restructuring historical demand. As the Commission anticipated, the restructuring process requires different remapping techniques, depending on the type of restructuring that has occurred. While AT&T satisfactorily matches specific restructurings to the type of remapping employed (*e.g.*, subdivision of rate elements, aggregation of rate elements, remapping among service category rate elements, etc.), it has not been as systematic in presenting information regarding what estimation techniques were employed. Our examination of the methods AT&T employed demonstrates that while AT&T's narrative support materials may not reveal the specific estimation technique that was applied to each restructure, there is sufficient information about the various methods to permit us to find that the remapping of demand was reasonable. Nevertheless, in the future, AT&T should provide a clear, concise explanation for each remapping technique it uses, from the most straightforward to the most complex, so that the accuracy of AT&T's method can be evaluated. We are not convinced, however, that this omission in the support materials warrants investigation of the tariff.

53. In addition, arguments that AT&T improperly remapped demand that belongs in Basket 1 to Basket 3 services are misplaced. AT&T has correctly applied rate level changes to the affected baskets. The credit card discount AT&T is providing is of benefit only to Megacom customers, not to the broad class of residential and small business ratepayers that subscribe to the services in the first basket. If we permitted AT&T to apply the credit card discount to changes in the API for the residential and small business basket, AT&T would not have had to reduce its rates for other services in that basket as much as it did. That result would not have protected the interests of residential and small business customers who do not generate sufficient usage to warrant subscribing to a service like Megacom. We therefore disagree with Allnet's contention that applying the credit card discount to the Megacom service category within Basket 3 is a mechanism for avoiding our rate banding limitations. The procedure AT&T followed in its filing assigns the rate change to the group of customers that will benefit from the rate change.

54. Allnet also argues that AT&T's index levels do not reflect an equipment discount promotion that AT&T is offering to its subscribers. That promotion is not described in a tariff and therefore does not affect the index. To the extent AT&T's competitors or other interested parties argue that AT&T is violating market rules, other procedural avenues are available to challenge AT&T's practices.[75]

C. Alaska Offshore Rates

1. *Positions of the Parties*

a. Petitioners

55. Both Alascom and Alaska object to the portions of the pending tariff covering service between Alaska and other off-shore points. Alascom claims that AT&T has singled out service between Alaska and other offshore points for unlawful discrimination.[76]

56. Alascom states that there are sizable rate differentials on calls to Alaska from Puerto Rico and the Virgin Islands as compared with calls to Alaska from other offshore points.[77] With regard to the structure of the tariff, Alascom notes that, unlike calls to most other areas, calls to Alaska from Puerto Rico and the Virgin Islands are subject to a three-minute initial period rather than the more typical one-minute initial period, and that time-of-day discounts are generally not available.[78] By their terms, according to Alascom, these rates and rate structures discriminate against Alaskans without justification in violation of Section 202(a) of the Communications Act,

47 U.S.C. § 202(a). Alascom also asserts that, contrary to the Commission's rate integration Orders, AT&T fails to integrate MTS-WATS rates between Alaska and Hawaii.[79]

57. Alascom also complains that, contrary to its apparent custom, AT&T has not reduced rates on calls from Hawaii to Alaska as part of its general reduction of rates under this proposed tariff. According to Alascom, allowing AT&T to reduce other rates but not rates to Alaska would permit AT&T to increase an allegedly unlawful gap between Alaska-Hawaii rates and mainland rates.[80] As the Alaska Joint Board has tentatively concluded that MTS-WATS between Alaska and Hawaii should be fully integrated and included within a permanent market structure, Alascom urges the Commission to order immediate rate integration on the Alaska-Hawaii route. Alascom states that any such directive by the Commission could be conditioned on final resolution of the proceedings before the Joint Board.[81]

58. Finally, noting the Commissions pledge in the *Price Cap Order* to investigate any AT&T tariff that proposed to deaverage rates, Alascom complains that AT&T's Alaska rates do not appear to be based upon nationwide costs and rate averaging priciples. Accordingly, Alascom contends that streamlined tariff review procedures should not be applied in this case.[82]

b. AT&T

59. In response to the objections of Alascom to the rate levels and rate structure on calls to Alaska, AT&T responds first by stating that these provisions are all contained in AT&T's currently effective tariffs and have not been modified in any respect in the above tariff transmittal.[83] Accordingly, AT&T argues there is no basis for Alascom to seek rejection or suspension in this proceeding of those portions of AT&T's proposed tariff.[84] Furthermore, AT&T claims that the Commission recently rejected Alascom's contention that full rate integration had been ordered for AT&T service from Hawaii to Alaska.[85]

2. *Discussion*

60. With a Notice of Inquiry released in January 1984, the Commission began its current examination of the interrelationships between rate integration and competition among common carriers serving various off-shore points.[86] As part of that inquiry, the Commission established the Alaska Joint Board to consider these issues as they relate to Alaska.[87] In its most recent formal action, the Joint Board released in January 1989 a Supplemental Order Inviting Comments.[88] In that Order, the Joint Board sought comments, *inter alia*, on its tentative conclusion that rate integration should be implemented on the Alaska-Hawaii route.[89]

61. The Supplemental Notice, issued by the Joint Board, repeats the Commission's objective of continuing rate integration regardless of the market structure changes that may ultimately be adopted in that proceeding.[90] Given the Joint Board's ongoing examination of Alaska-Hawaii rates, we are reluctant to open a separate investigation. We will therefore defer further action on the Alaska-Hawaii route pending the outcome of the Joint Board's consideration of this matter.

62. With regard to the Alaska-Puerto Rico and Virgin Islands route, we note that the challenged rate structures have been included in AT&T's tariff for some time and that the above transmittal does not propose any modifications. For this reason, we do not believe these objections can properly serve as a basis to suspend or reject AT&T's pending price cap tariff. Such objections are more properly raised in a complaint proceeding pursuant to Section 208 of the Communications Act, 47 U.S.C. § 208.[91]

IV. ORDERING CLAUSES

63. Accordingly, IT IS ORDERED that the response to the AT&T Reply filed by Alascom, Inc., IS DISMISSED.

64. IT IS FURTHER ORDERED that the five petitions filed in opposition to AT&T Communications, Inc., Transmittal No. 1618 by Alascom, Inc., Allnet Communications Services, Inc., Competitive Telecommunications Association, US Sprint Communications Company Limited Partnership, and National Telecommunications Network ARE DENIED.

65. IT IS FURTHER ORDERED that a waiver of the access flow through rule, Section 61.44(d) of the Commission's Rules, 47 C.F.R. § 61.44(d), IS GRANTED to the extent that AT&T Communications will not be required to recalculate access costs prior to the date new access rates become effective pursuant to Local Exchange Carrier Access Tariff Rate Levels, Memorandum Opinion and Order, DA 89-742, released June 29, 1989 (Com.Car.Bur.).

FEDERAL COMMUNICATIONS COMMISSION

Gerald Brock
Chief, Common Carrier Bureau

FOOTNOTES

[1] Policy and Rules Concerning Rates for Dominant Carriers, CC Docket No. 87-313, Report and Order and Second Further Notice of Proposed Rule Making, 4 FCC Rcd 2873 (1989), Erratum, 4 FCC Rcd 3379 (1989) (together *Price Cap Order*).

[2] Alascom, Inc. (Alascom) filed a petition to reject or suspend and investigate (Alascom Petition). Allnet Communications Services, Inc. (Allnet) filed a petition to investigate (Allnet Petition). Competitive Telecommunications Association (Comptel) filed a petition to suspend for one day and investigate (Comptel Petition). US Sprint Communications Company Limited Partnership (Sprint) filed a petition to suspend and investigate (Sprint Petition). National Telecommunications Network (NTN) filed a petition to suspend and investigate (NTN Petition). The State of Alaska (Alaska) also submitted a letter dated June 12, 1989, urging the Commission to reject or to suspend and investigate (Alaska Letter).

[3] On June 27, 1989, Alascom filed with the Commission a response to the AT&T Reply. We dismiss this pleading by Alascom because it is not authorized under Section 1.773 of the Commission's Rules, 47 C.F.R. § 1.773.

[4] The upper bands for the evening and night/weekend calling periods in the basic long distance schedule are 4 percent.

[5] *See* Section 61.47(g) of the Commission's Rules, 47 C.F.R. § 61.47(g).

[6] *Price Cap Order*, 4 FCC Rcd at 3060 (para. 377).

[7] In light of the Bureau's March 1989 Order disallowing approximately $705 million in LEC access costs and the subsequent objections to that Order by the LECs, AT&T adjusted the access rates used in calculating PCIs in its pending price cap tariff filing on the assumption that on or before the effective date of its tariff, the LECs would be permitted to file revised access rates. *See* Annual 1989 Access Tariff Filings, 4 FCC Rcd 3638 (Com.Car.Bur. 1989). While some access rate revisions have been permitted to take effect, *see, e.g.*, GTE Telephone Operating Companies, Tariff F.C.C. No. 1, Trans. No. 497, filed Apr. 26, 1989, and Southern New England Telephone Company, Tariff F.C.C. No. 39, Trans. No. 462, filed Mar. 30, 1989, the majority of access revisions will not become effective until July 7, 1989. Local Exchange Carrier Access Tariff Rate Levels, Memorandum Opinion and Order, DA 89-742, released June 29, 1989 (Com.Car.Bur.). Since our examination of AT&T's price cap tariff, *infra*, leads us to conclude that the tariff should take effect as scheduled on July 1, 1989, we will on our own motion waive the requirements of Section 61.44(d) of the Commission's Rules, 47 C.F.R. § 61.44(d), and not require AT&T to recalculate its index levels to conform with July 1, 1989, access rates that are scheduled to change on July 7, 1989. We find that good cause exists for this waiver since AT&T's filing closely corresponds to the access charges that are scheduled to take effect on July 7, 1989. Grant of the waiver will therefore tend to alleviate potential rate churn.

[8] *See* AT&T D&J at 21-22 and Exhibit 3.

[9] *See id.*, Exhibit 4.

[10] In Table II, "MTS" refers to AT&T's long distance Message Telecommunications Service.

[11] *See* AT&T D&J, Exhibit 4.

[12] *See id.* at 4-8.

[13] Allnet Petition at 1; Comptel Petition at 2-3; NTN Petition at 3-5; Sprint Petition at 3-4.

[14] Allnet Petition at 4-5; Comptel Petition at 2-3; Sprint Petition at 3-4.

[15] Allnet Petition at 1.

[16] NTN Petition at 1-2.

[17] Sprint Petition at 3.

[18] Comptel Petition at 2-3.

[19] Sprint Petition at 5.

[20] *Id.* at 5-6.

[21] Allnet Petition at 6.

[22] *Id.* at 5.

[23] Sprint Petition at 6-7.

[24] Allnet Petition at 7.

[25] *Id.* at 7-8.

[26] Sprint Petition at 3-4, 8.

[27] *Id.* at 8.

[28] Comptel Petition at 3-5.

[29] AT&T Reply at 4.

[30] *Id.* at ii.

[31] *Id.* at 7-8.

[32] *Id.* at 6-9.

[33] *Id.* at 10 n.*.

[34] *Id.* at 7.

[35] *Id.* at 8 (citing *Price Cap Order*, 4 FCC Rcd at 2964 (para. 175)).

[36] *Id.* at 9.

[37] *Id.* at 11-13.

[38] *Id.* at 9-10.

[39] *Id.* at 13.

[40] Only Alascom and Alaska have argued that the rate levels contained in the proposed tariff are unreasonable, and their arguments are restricted to rates between Alaska and certain other offshore points. *See infra* paras. 55-58.

[41] Requests by Sprint, Alaska, NTN, Comptel, and Alascom for suspension of the tariff are not supported by the showing required by the price cap rules. Requests for suspension of below-cap, within-band rates must be accompanied by a showing that there is a high probability the tariff would be found unlawful after investigation, that suspension would not substantially harm other interested parties, that irreparable injury to the petitioner would result if the tariff filing is not suspended, and that the suspension would not be contrary to the public interest. Section 1.773(a)(1)(iv) of the Commission's Rules, 47 C.F.R. § 1.773(a)(1)(iv). Since the parties have failed to articulate how the four parts of the suspension rule are met and the Common Carrier Bureau (Bureau) is not able to find such circumstances in this case, the Bureau declines to suspend the filing.

[42] IBM v. FCC, 570 F.2d 452 (2d Cir. 1978)(citing Associated Press v. FCC, 448 F.2d 1095, 1104 (D.C. Cir. 1971)).

[43] *Price Cap Order*, 4 FCC Rcd at 2925 (para. 107).

[44] *Id.*

[45] *Id.* at 2964 (para. 175).

[46] Section 61.49(a) of the Commission's Rules, 47 C.F.R. § 61.49(a). *See also* Section 61.49(b) of the Commission's Rules, 47 C.F.R. § 61.49(b) (restating the requirements of Section 61.49(a) in the specific case of within-band filings that are at or below the applicable cap).

[47] The formula for the SBI is identical except that the existing SBI level is used instead of the existing API level.

[48] Issues have been raised about "remapping" of demand to reflect tariff restructurings. Restructurings of tariffs that occur in the period of time between the end of the base (calendar) year and the beginning of the tariff year (July 1) do require base year demand to be recalculated to reflect what demand would have been if the tariff had been structured differently in the base year. We examine the reasonableness of the various remapping techniques in Section III. B, *infra*.

[49] As a routine matter in connection with the review of pending tariff revisions, Bureau staff are granted access to carrier workpapers in order to resolve any questions concerning verification of calculations.

[50] *See* AT&T Reply at 9 n.* (arguing that quantity information at the rate element level is proprietary).

[51] In calculating the PCI, historical quantity data are used in the allocation of access charges between baskets. Section 61.44(d) of the Commission's Rules, 47 C.F.R. § 61.44(d). Quantity data are also necessary to calculate the weighting that is applied to the components of the PCI. Section 61.44(b) of the Commission's Rules, 47 C.F.R. § 61.44(b). For the reasons cited in the text, we conclude historical quantity information at the rate element level need not be filed in the support materials justifying the PCI.

[52] Section 61.47(e) of the Commission's Rules, 47 C.F.R. § 61.47(e), provides that, on a going-forward basis, banding limitations are calculated from the last day of the tariff year.

[53] *See* American Telephone and Telegraph Company, Tariff F.C.C. No. 1, Trans. No. 1605, filed May 15, 1989 (justifying rate decreases for Software Defined Network Service by reference to a net revenue test).

[54] While the Commission required AT&T to develop this average residential rate, it delegated to the Bureau the task of assuring that the calculation of the average residential rate is

accurate, consistent, and based on reliable statistical methodologies. *See Price Cap Order*, 4 FCC Rcd at 3061, n.833, and accompanying text.

[55] Allnet Petition at 5 n.11.

[56] Sprint Petition at 7.

[57] Allnet Petition at 9-10.

[58] *Id.*

[59] *Id.* at 11; NTN Petition at 3; Sprint Petition at 8.

[60] Sprint Petition at 8.

[61] Allnet Petition at 1.

[62] *Id.* at 12.

[63] AT&T Reply at 5.

[64] *Id.* at ii.

[65] *Id.* at 10.

[66] *Id.* at 11.

[67] *Id.*

[68] *Id.* at 14.

[69] AT&T D&J at 16.

[70] 4 FCC Rcd at 3076-77 (para. 411).

[71] AT&T D&J, Exhibit 2.

[72] AT&T D&J at 12-15.

[73] *See id.* at 13 n.*.

[74] AT&T describes this process as ascertaining a "take rate." Whenever a new rate element is optional, AT&T must estimate the number of customers likely to "take" the new element. In most instances, this information has previously been developed in the context of AT&T's initial business decision concerning whether to develop the new rate element. The remapping process simply employs the same "take rate."

[75] Both Allnet, in a letter dated June 2, 1989, to the Secretary of the Commission, and MCI, in a letter dated June 9, 1989, to the Bureau's Informal Complaints Branch, have raised questions concerning the lawfulness of AT&T's discounted equipment program. *See also* AT&T Communications, Tr. 1568, DA 89-622, released June 8, 1989 (finding a multiplexer giveway promotion for Megacom and SDN customers to be unlawful). We do not address such questions in this Order.

[76] Alascom Petition at 4.

[77] *Id.* at 11.

[78] *Id.* at 11-12.

[79] *Id.* at 9-10.

[80] *Id.* at 10.

[81] *Id.* at 9-10.

[82] *Id.* at 12-13, (citing *Price Cap Order*, 4 FCC Rcd at 3133 (para. 539)).

[83] AT&T Reply at 2 n.***. In its June 12, 1989, reply, AT&T did not address the letter submitted by the State of Alaska because that letter was not received by the Commission until after that date. However, as the letter was informally submitted and simply duplicates some of the objections raised by Alascom in its formal petition, no formal reply by AT&T to the letter appears needed.

[84] *Id.* (citing Southwestern Bell Telephone Company, Tariff F.C.C. No. 68, Trans. No. 1472, Memorandum Opinion and Order, Mimeo No. 1643, released Jan. 26, 1987 (Com.Car.Bur.)).

[85] *Id.* (citing American Telephone and Telegraph Co., [Application] For Authority Pursuant to Section 214 of the Communications Act of 1934, as amended, to Acquire Digital Transmission Capacity from General Communications, Inc. for Services from Hawaii to Alaska, W-P-C 6136, 3 FCC Rcd 6742 (Com.Car.Bur. 1988)).

[86] Integration of Rates and Services for the Provision of Communications by Authorized Common Carriers between the Contiguous States and Alaska, Hawaii, Puerto Rico and the Virgin Islands, Notice of Inquiry, CC Docket 83-1376, RM 4436, 96 FCC 2d 567 (1984).

[87] Integration of Rates and Services for the Provision of Communications by Authorized Common Carriers, Notice of Proposed Rule Making, CC Docket No. 83-1376, RM 4436, FCC 85-520, (1985) 50 FR 41714 (Oct. 15, 1985). In December 1986, the Commission formally referred the Alaska-Hawaii route to the Joint Board. *See* Integration of Rates and Services for the Provision of Communications By Authorized Common Carriers Between the Contiguous States and Alaska, Hawaii, Puerto Rico, and the Virgin Islands, 2 FCC Rcd 607 (1987).

[88] Integration of Rates and Services for the Provision of Communications by Authorized Common Carriers between the Contiguous States and Alaska, Hawaii, Puerto Rico and the Virgin Islands, Supplemental Order Inviting Comments, CC Docket No. 83-1376, 4 FCC Rcd 395 (1989).

[89] *Id.* at 407.

[90] *Id.* at 398.

[91] *See* Southwestern Bell Telephone Company, Tariff F.C.C. No. 68, Tr. No. 1472, Memorandum Opinion and Order, Mimeo 1643, released Jan. 26, 1987 (Com.Car.Bur.), at 2 n.2.

Before the
Federal Communications Commission
Washington, D.C. 20554

CC Docket No. 86-125
Phase II

In the Matter of

Annual 1985
Access Tariff Filings

ERRATUM

Released: May 26, 1989

1. On April 27, 1989, this Commission released a Memorandum Opinion and Order on Reconsideration in the above-captioned matter. *See* Annual 1985 Access Tariff Filings, CC Docket No. 86-125, Phase II, FCC 89-130, Memorandum Opinion and Order on Reconsideration, released Apr. 27, 1989. Paragraph 33 of that Order is hereby revised by striking out "and SWB" and inserting in lieu thereof "SWB, SNET, Cincinnati Bell, Rochester, Atkinson, and Bell Atlantic,".

FEDERAL COMMUNICATIONS COMMISSION

Donna R. Searcy
Secretary

Before the
Federal Communications Commission
Washington, D.C. 20554

PUBLIC NOTICE

Released: July 19, 1989

FCC ANNOUNCES FIRST MEETING OF THE ONA JOINT CONFERENCE (CC Docket 88-2, Phase I)

The Federal/State Joint Conference on Open Network Architecture (ONA) will convene its first meeting at 1 p.m. on Thursday, July 27, 1989 at the Westin St. Francis Hotel, 335 Powell Street, San Francisco, California. The meeting will be open to the public, although participation will be limited to conference members.

The Joint Conference will serve as an ongoing forum for state/federal cooperation to facilitate the development and implementation of ONA. The Joint Conference was initially announced in the Federal Communication Commission's *BOC ONA Order* (4 FCC Rcd 1 (1989)). In May 1989, the FCC appointed two FCC Commissioners and thirteen state commissioners to serve as conference members (4 FCC Rcd 4017 (1989)).

For further information contact Steven Gorosh, Policy and Program Planning Division of the Common Carrier Bureau, at (202) 632-4047.

FEDERAL COMMUNICATIONS COMMISSION

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

AMERITECH OPERATING COMPANIES

Petition for Waiver of Sections 69.4(b), 69.205, and 69.206 of the Commission's Rules

ORDER

Adopted: July 18, 1989; Released: July 19, 1989

By the Deputy Chief, Common Carrier Bureau:

1. The Ameritech Operating Companies[1] (Ameritech) have filed a petition for waiver of Sections 69.4(b), 69.205, and 69.206 of the Commission's Rules, 47 C.F.R. §§ 69.4(b), 69.205, 69.206, and, to the extent necessary, Subparts B, D, and E of the Commission's Rules, 47 C.F.R. Part 69, Subparts, B, D, E, to permit the establishment of new local switching rate elements for the recovery of costs incurred in the provision of Voice Gateway Interface Service (VGIS).[2] Ameritech's petition is unopposed.

2. VGIS is a new service offering which will enable Ameritech to connect customers to end users via specially equipped offices called Voice Gateway subcenters. Ameritech states that it is offering this service in response to customer requests for capability to utilize the public switched network for the provision of audiotex gateway services. It explains that waiver of Sections 69.4(b), 69.205, and 69.206 and Subparts B, D and E of Part 69 of the Commission's Rules is necessary since the rules currently do not provide for the separate charges associated with VGIS. Ameritech Petition at 3.

3. Ameritech proposes to offer VGIS as an option associated with 900 Access Service in the originating direction and with Feature Group B (FGB) or Feature Group D (FGD) used in conjunction with a DS1 Dedicated Access Line (DAL) in the terminating direction. *Id.* at 2. To utilize VGIS in the originating direction, Ameritech will require customers to order service with FGD signaling with Interface Group 6. *Id.* Customers must order FGD trunks in increments of 24 due to requirements of Ameritech's switch. Ameritech Transmittal No. 291, Description and Justification (D&J) at 1.

4. VGIS will be available only in those LATAs served by a Voice Gateway subcenter,[3] and a customer can access VGIS only through calls originating from equal access end offices. *Id.* at 2. As an optional feature of VGIS, Ameritech plans to offer Three Way Call Transfer. This feature will allow an end user to access a predetermined third party via the Voice Gateway subcenter, without having to disconnect and dial the number directly.

5. Ameritech intends to charge VGIS users on a per minute basis, with a one minute minimum charging interval, in addition to the current local switching rates for 900 Access Service or terminating FGB/FGD access service. *Id.* at 4. A per message charge will apply, however, to VGIS service equipped with Three Way Call Transfer. *Id.* Ameritech will also impose a nonrecurring charge for number activation on a per number basis;[4] such charge for number activation will also apply to Three Way Call Transfer if that option is activated subsequent to the establishment of VGIS.

6. After review of Ameritech's petition for waiver, we conclude that establishment of these rate elements will enable Ameritech to recover its costs directly from VGIS users. Thus, Ameritech's proposal is consistent with the Commission's policy that costs be recovered from the cost causer. Therefore, we find that the public interest will be served by grant of the instant waiver.

7. Accordingly, IT IS ORDERED that the petition for waiver of Sections 69.4(b), 69.205, and 69.206 of the Commission's Rules and Subparts B, D, and E of Part 69 of the Rules, 47 C.F.R. §§ 69.4(b), 69.205, 69.206, and Part 69, Subparts B, D, E, filed by the Ameritech Operating Companies IS GRANTED.

FEDERAL COMMUNICATIONS COMMISSION

Carl D. Lawson
Deputy Chief (Policy)

FOOTNOTES

[1] The Ameritech Operating Companies are: Illinois Bell Telephone Company, Indiana Bell Telephone Company, Incorporated, Michigan Bell Telephone Company, the Ohio Bell Telephone Company, and Wisconsin Bell, Inc.

[2] Concurrently with this petition, Ameritech filed on March 28, 1989, Transmittal No. 291 to Tariff F.C.C. No. 2. Subsequently, on June 23, 1989, Ameritech filed Transmittal No. 325. These transmittals are scheduled to take effect July 25, 1989. Neither tariff transmittal is opposed.

[3] The subcenters will be located in Chicago, Illinois, Indianapolis, Indiana, Grand Rapids, Michigan, Detroit, Michigan, Cleveland, Ohio, and Milwaukee, Wisconsin. Ameritech states that the subcenters will be activated at various times throughout 1989. Ameritech Transmittal No. 291, D&J at 2.

[4] For VGIS customers using a shared 900 NXX, Ameritech will apply a nonrecurring charge per 100 number block per end office or access tandem. Ameritech Petition at 3.

Before the
Federal Communications Commission
Washington, D.C. 20554

LETTER
July 19, 1989 **8910-SJC**

Released: July 28, 1989

Howard J. Braun, Esquire
Rosenman & Colin
1300 19th Street, N.W.
Washington, DC 20036

Marvin J. Diamond, Esquire
Hogan & Hartson
555 13th Street, N.W.
Washington, DC 20004

In re: WHDH(AM)
Boston, MA
BAL-890313EB

Gentlemen:

This is in reference to the above-captioned application for assignment of license of WHDH(AM), Boston, MA, from Channel Broadcasting, Inc. to WHDH-AM, Inc. and the related request for waiver of Section 73.3555(b)(1) of the Commission's Rules.[1]

The parent and sole shareholder of WHDH-AM, Inc. is New England Television Corporation ("NETCO"); through another subsidiary, NETCO owns a VHF television station, WNEV-TV, in the Boston market. A grant of the above-captioned application would thus result in the common ownership of a television station and an AM radio station in the same market in violation of Section 73.3555(b)(1) of the Commission's Rules. However, the Commission has recently amended Section 73.3555(b)(1), adopting a waiver policy regarding this "one-to-a-market" rule under which the Commission has declared it will look with favor upon waiver requests which meet certain specified criteria. *Amendment of Section 73.3555 of the Commission's Rules, the Broadcast Multiple Ownership Rules* (*Second Report and Order*), 4 FCC Rcd 1741 (1989). The Commission stated that it would tend to look favorably upon waiver requests involving radio and television station combinations in the top 25 television markets where there will be at least 30 separately owned, operated and controlled broadcast licensees or "voices" after the proposed merger. *Second Report and Order*, 4 FCC Rcd at 1741. You contend that your waiver request meets this standard.

In support of your request for waiver of Section 73.3555(b)(1) of the Commission's Rules, you state that Boston is the 6th largest television market, serving 2,050,700 Arbitron ADI households. According to an exhibit which you submitted with your waiver request, there are at least 51 separately owned or operated commercial broadcast voices in the Boston market. Your request states that in addition to meeting the Commission's benchmark, this waiver and resulting combination would benefit the public interest by enabling the local ownership of NETCO to better compete in, and therefore better serve, the Boston market. According to your request, NETCO is the only licensee of a major television station in Boston that is owned and controlled by local citizens and that does not own any other broadcast stations; all the other Boston television stations are owned by major media owners. You state that the economies resulting from the common ownership of the two stations by NETCO will provide more money for news and local programming. According to your request, "the public interest will be served by improved local programming provided by local owners attuned to the needs and interests of the Boston market."[2]

As noted above, Section 73.3555(b)(1) of the Commission's Rules prohibits the common ownership of radio and television broadcast stations in the same market if the 2 mV/m groundwave contour of an AM station or the 1 mV/m contour of an FM station encompasses the entire community of license of a television station or conversely if the Grade A contour of a television station encompasses the entire community of license of an AM or FM station.

The Commission recently concluded that the public interest would best be served by facilitating waivers of the "one-to-a-market" rule under certain circumstances. One such circumstance is a combination located in a market with many competing voices. *Second Report and Order*, 4 FCC Rcd at p. 1741. The Commission stated that it would be predisposed towards waiver requests when the radio and television stations involved are located in the top 25 ADI television markets as defined by the Arbitron ratings company and in addition where, following the proposed combination, there will remain at least 30 separately owned, operated and controlled broadcast licensees or "voices." *Second Report and Order*, 4 FCC Rcd at p. 1751. The Commission stated the number of "voices" would be determined by counting primary full power commerical and non-commerical TV stations licensed to the relevant TV Area of Dominant Influence, and primary AM and FM stations operating in the relevant TV metropolitan area as defined by Arbitron. *Second Report and Order*, 4 FCC Rcd at 1751. The Commission expressed confidence that where this standard is met the potential benefits from joint ownership will generally outweigh any diversity gains from separate ownership. *Second Report and Order*, 4 FCC Rcd at p. 1752. Your waiver request has provided the necessary documentation to show that the "top 25 markets/30 voices" standard has been met and that waiver is warranted. The proposed combination of WNEV-TV and WHDH(AM) in Boston, the 6th largest television market in the country, will not result in fewer then 30 "voices" being heard in that market.

In light of the above, we hereby grant your request for waiver of Section 73.3555(b)(1) of the Commission's Rules, thus permitting New England Television Corporation to hold, through subsidiaries, the licenses for both WNEV-TV and WHDH(AM), Boston, MA. Additionally, upon a finding that the applicant is qualified and the public interest will be served, we hereby grant the application to assign the license of WHDH(AM), Boston, MA from Channel Broadcasting, Inc. to WHDH-AM, Inc. (BAL-890313EB).

BY DIRECTION OF THE COMMISSION*

Donna R. Searcy
Secretary

*Commissioner Dennis concurring and issuing a statement.

FOOTNOTES

[1] On April 20, 1989, the proposed assignee submitted an amendment to the above-referenced application reporting a change in the name of the assignee from Copley Radio, Inc. to WHDH-AM, Inc.

[2] On May 5, 1989, the assignee, WHDH-AM, Inc., after discussions with the Committee for Media Diversity and its counsel, submitted an amendment to the above-referenced application seeking to clarify the public interest benefits which will inure to the listening public from a grant of the requested "one-to-a-market" waiver and to demonstrate that the requested waiver will further the objectives set forth in the *Second Report and Order*. The amendment claims a number of benefits would result from the proposed combination, including the collocation of WHDH(AM)'s studio with WNEV-TV's studios in Boston's Government Center Complex, putting WHDH(AM) both in close proximity to local government offices and newsmakers and in immediate proximity to WNEV-TV's news gathering apparatus. According to the amendment, WHDH(AM)'s current news staff would, under NETCO's ownership, be greatly augmented by the availability of WNEV-TV's news staff for use by the radio station; the radio station will also be able to share stories gathered by WNEV-TV reporters. The amendment states that in addition to sharing personnel, WHDH(AM) will also share the WNEV-TV news department's technical facilities.

CONCURRING STATEMENT
OF
COMMISSIONER PATRICIA DIAZ DENNIS

In Re: WHDH(AM) Boston, Massachusetts, BAL-890313EB.

By granting this transfer, the Commission allows New England Television Company ("NETCO") to create an AM-TV combination in Boston, the sixth largest television market. As I said in our *Second Report and Order* concerning the one-to-a-market rules, I would authorize radio-TV combinations in markets with at least 10 television stations, 45 separate owners, and 65 broadcast stations. *See Separate Statement of Commissioner Patricia Diaz Dennis in Docket No. 87-7* (released April 10, 1989). Because Boston meets such a test, I concur in the decision to grant NETCO's request.

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

Annual 1989 Access Tariff Filings

ERRATUM

Released: July 21, 1989

1. On March 22, 1989, the Common Carrier Bureau released an Order in the captioned proceeding. *Annual 1989 Access Tariff Filings*, DA 89-337, released Mar. 22, 1989 (Com.Car.Bur.). In the version of this Order that subsequently was printed in the FCC Record, the appendices to the Order were inadvertently omitted. *See* 4 FCC Rcd 3638 (1989). The appendices, as they appeared with the originally released version of the Order, are set out in the following pages.

FEDERAL COMMUNICATIONS COMMISSION

Donna R. Searcy
Secretary

LIST OF APPENDICES

A -- Petitions, Replies, Comments on Errata
Computer Codes Used for Carrier Names
Summary of Tariff Filing Entity Levels

B -- Disallowances Associated with Nonregulated Activities

C -- Disallowances of Unseparated Costs Based on TRP Analysis

D -- Depreciation Disallowances

E -- Other Disallowances

F -- Demand Adjustments

G -- Rate Adjustment Factors
Cumulative Cost Disallowances

APPENDIX A

Petitions, Replies, Comments on Errata
Computer Codes Used for Carrier Names
Summary of Tariff Filing Entity Levels

APPENDIX A

Petitions

The following parties filed petitions against the Annual 1989 Access Tariff Filings. The names in parentheses are used for these parties throughout the Order.

Ad Hoc Telecommunications Users Committee (Ad Hoc)

Aeronautical Radio, Inc. (ARINC)

ALC Communications Corp. (ALC)

American Telephone and Telegraph Company (AT&T)

Capital Cities/ABC, Inc., CBS Inc., and National Broadcasting Company, Inc. (Networks)

Computer Auto Salvage System, Inc. (COMPASS)

Diginet, Inc. (Diginet)

Independent Data Communications Manufacturers Association, Inc. (IDCMA)

Intermedia Communications of Florida, Inc. (Intermedia)

Local Area Telecommunications, Inc. (LOCATE)

MCI Telecommunications Corp. (MCI)

Metropolitan Fiber Systems, Inc. (Metropolitan)

Network Communications, Inc. (NCI)

Teleport Communications Group (Teleport)

US Sprint Communications Company Limited Partnership (US Sprint)

Replies

The following parties filed replies to the petitions:

The Ameritech Operating Companies (Ameritech)

The Bell Atlantic Telephone Companies (Bell Atlantic)

The BellSouth Telephone Companies (BellSouth)

Centel Telephone Companies (Centel)

Cincinnati Bell Telephone Company (Cincinnati)

Contel Corporation (Contel)

The GTE Telephone Operating Companies (GTOC)

Lincoln Telephone and Telegraph Company (Lincoln)

Mountain States Telephone and Telegraph Company (MTN), Northwestern Bell Telephone Company (NWB), and Pacific Northwest Bell Telephone Company (PNB) (US West)

The National Exchange Carrier Association, Inc. (NECA)

Nevada Bell (Nevada)

New England Telephone and Telegraph Company and New York Telephone Company (NYNEX)

Pacific Bell (Pacific)

Rochester Telephone Corporation (Rochester)

The Southern New England Telephone Company (SNET)

Southwestern Bell Telephone Company (Southwestern)

United Telephone System Companies (United)

Comments on Errata Filings

The following parties filed comments on errata filings made by local exchange carriers:

ALC

AT&T

MCI

BOCS CODE	TIER 1 LOCAL EXCHANGES CARRIERS HOLDING COMPANIES OPERATING COMPANIES STUDY AREAS
AMTR	AMERITECH
LBIL	1. ILLINOIS BELL
NBIN	2. INDIANA BELL
MBMI	3. MICHIGAN BELL
OBOH	4. OHIO BELL
WTWI	5. WISCONSIN BELL
BATR	BELL ATLANTIC
CPTC	1. CHESAPEAKE & POTOMAC
CDDC	1.1 C & P (D.C.)
CMMD	1.2 C & P of MARYLAND
CVVA	1.3 C & P of VIRGINIA
CWWV	1.4 C & P of WEST VIRGINIA
DSDE	2. DIAMOND STATE TEL.
PAPA	3. BELL OF PENNSYLVANIA
NJNJ	4. NEW JERSEY BELL
BSTR	BELL SOUTH
SBTC	1. SOUTHERN BELL
SBFL	FLORIDA
SBGA	GEORGIA
SBNC	NORTH CAROLINA
SBSC	SOUTH CAROLINA
SCTC	2. SOUTH CENTRAL BELL
SCAL	ALABAMA
SCKY	KENTUCKY
SCLA	LOUSIANA
SCMS	MISSISSIPPI
SCTN	TENNESSEE
NXTR	NYNEX
NETC	1. NEW ENGLAND TELEPHONE
NEME	MAINE
NEMA	MASSACHUSETTS
NENH	NEW HAMPSHIRE
NERI	RHODE ISLAND
NEVT	VERMONT
NYNY	2. NEW YORK TELEPHONE
PTTR	PACIFIC
PTCA	1. PACIFIC BELL
PTNV	2. NEVADA BELL
SWTR	SOUTHWESTERN BELL TEL. CO.
SWAG	SOUTHWESTERN BELL TEL. CO. x KS
SWAR	ARKANSAS
SWKS	KANSAS
SWMO	MISSOURI
SWOK	OKLAHOMA
SWTX	TEXAS
USTR	U.S. WEST
MSTC	1. MOUNTAIN BELL
MSAZ	ARIZONA
MSCO	COLORADO
MSID	IDAHO
MSMT	MONTANA
MSNM	NEW MEXICO
MSUT	UTAH
MSWY	WYOMING
NWTC	2. NORTHWESTERN BELL
NWIA	IOWA
NWMN	MINNESOTA
NWNE	NEBRASKA
NWND	NORTH DAKOTA
NWSD	SOUTH DAKOTA
PNTC	3. PACIFIC NORTHWEST BELL
PNID	IDAHO
PNOR	OREGON
PNWA	WASHINGTON

ICOS CODE	TIER 1 LOCAL EXCHANGES CARRIERS HOLDING COMPANIES OPERATING COMPANIES STUDY AREAS
CETC	CENTRAL TELEPHONE CO.
CEFL	1. CENTRAL OF FLORIDA
CENV	2. CENTRAL OF NEVADA
CBTC	CINCINNATI BELL TELEPHONE
COTC	CONTINENTAL TELEPHONE CO.
COCA	1. CONTEL OF CALIFORNIA
CONY	2. CONTEL OF NEW YORK
COTX	3. CONTEL OF TEXAS
COVA	4. CONTEL OF VIRGINIA
GTTC	GENERAL TELEPHONE OPERATING COs
GTCA	1. GTE CALIFORNIA, INC.
GTFL	2. GTE FLORIDA, INC.
GTNW	3. GTE NORTHWEST, INC.
GTNA	3.1 GTE ID & MT
GTID	IDAHO
GTMT	MONTANA
GTNB	3.2 GTE OR, WA & WSTN CA
GTOR	OREGON
GTWA	WASHINGTON
GNCA	WEST COAST CALIFORNIA
GTSO	4. GTE SOUTH, INC.
GTAL	ALABAMA
GTGA	GEORGIA
GTKY	KENTUCKY
GTNC	NORTH CAROLINA
GTSC	SOUTH CAROLINA
GTTN	TENNESSEE
GTVA	VIRGINIA
GTWV	WEST VIRGINIA
GTSW	5. GTE SOUTHWEST, INC.
GTAR	ARKANSAS
GTNM	NEW MEXICO
GTOK	OKLAHOMA
GTTX	TEXAS
GTMW	6. GTE NORTH, INC.
GTIL	ILLINOIS
GTIN	INDIANA
GTIA	IOWA
GTMI	MICHIGAN
GTMN	MINNESOTA
GTMO	MISSOURI
GTNE	NEBRASKA
GTOH	OHIO
GTPA	PENNSYLVANIA
GTWI	WISCONSIN
GTHI	7. GTE HAWAIIAN, INC.
LTNE	LINCOLN TELEPHONE COMPANY
RTNY	ROCHESTER TELEPHONE CORPORATION
SNCT	SOUTHERN NEW ENGLAND TELEPHONE
UTTC	UNITED TELEPHONE SYSTEM
UTFL	1. UNITED OF FLORIDA
UTIN	2. UNITED OF INDIANA
UTNC	3. CAROLINA TEL. & TEL.
UTOH	4. UNITED OF OHIO
UTPA	5. UNITED OF PENN.
UTIM	6. UNITED INTER-MOUNTAIN
UTTN	TENNESSEE
UTVA	VIRGINIA

MARCH 1, 1989
MASTER LIST TARIFF LEVEL COSAS
FOR 1989 TARIFF FILING

COSA	HOLDING/OPERATING COMPANY	STUDY AREA
AMTR	AMERITECH	
LBIL	1. ILLINOIS BELL	ILLINOIS
NBIN	2. INDIANA BELL	INDIANA
MBMI	3. MICHIGAN BELL	MICHIGAN
OBOH	4. OHIO BELL	OHIO
WTWI	5. WISCONSIN BELL	WISCONSIN
BATR	BELL ATLANTIC	
BSTR	BELL SOUTH	
NXTR	NYNEX	
NETC	1. NEW ENGLAND TELEPHONE	
NYNY	2. NEW YORK TELEPHONE	NEW YORK
PTTR	PACIFIC	
PTCA	1. PACIFIC BELL	CALIFORNIA
PTNV	2. NEVADA BELL	NEVADA
SWTR	SOUTHWESTERN BELL TEL. CO.	SPECIAL
SWTR	SOUTHWESTERN BELL TEL. CO.	SWITCHED EX. KS
SWKS		KANSAS
USTR	U.S. WEST SWITCHED	
USTR	U.S. WEST SPECIAL	
MSTC	1. MOUNTAIN BELL	
NWTC	2. NORTHWESTERN BELL	
PNTC	3. PACIFIC NORTHWEST BELL	
CETC	CENTRAL TELEPHONE CO.	
CEFL	1. CENTRAL OF FLORIDA	FLORIDA
CENV	2. CENTRAL OF NEVADA	NEVADA
CBTC	CINCINNATI BELL TELEPHONE	OH & KY
COTC	CONTINENTAL TELEPHONE CO.	
COCA	1. CONTEL OF CALIFORNIA	CALIFORNIA
CONY	2. CONTEL OF NEW YORK	NEW YORK
COTX	3. CONTEL OF TEXAS	TEXAS
COVA	4. CONTEL OF VIRGINIA	VIRGINIA
GTTC	GENERAL TELEPHONE OPERATING COs	
GTCA	1. GTE OF CALIFORNIA	CALIFORNIA
GTFL	2. GTE OF FLORIDA	FLORIDA
GTNW	3. GTE OF THE NORTHWEST	
GTNA	3.1 GTE ID & MT	
GTNB	3.2 GTE OR, WA & WSTN CA	
GTSO	4. GTE OF THE SOUTH	
GTSW	5. GTE OF THE SOUTHWEST	
GTNO	6. GTE NORTH OPERATIONS	
GTIL		ILLINOIS
GTIN		INDIANA
GTIA		IOWA
GTMI		MICHIGAN
GTMN		MINNESOTA
GTMO		MISSOURI
GTNE		NEBRASKA & KANSAS
GTOH		OHIO
GTPA		PENNSYLVANIA
GTWI		WISCONSIN
GTHI	7. HAWAIIAN TELEPHONE CO.	HAWAII
LTNE	LINCOLN TELEPHONE COMPANY	NEBRASKA
RTNY	ROCHESTER TELEPHONE CORPORATION	NEW YORK
SNCT	SOUTHERN NEW ENGLAND TELEPHONE	CONNECTICUT
UTTC	UNITED TELEPHONE SYSTEM	
UTFL	1. UNITED OF FLORIDA	FLORIDA
UTIN	2. UNITED OF INDIANA	INDIANA
UTNC	3. CAROLINA TEL. & TEL.	NORTH CAROLINA
UTOH	4. UNITED OF OHIO	OHIO
UTPA	5. UNITED OF PENN.	PENNSYLVANIA
UTIM	6. UNITED INTER-MOUNTAIN	

APPENDIX B

Disallowances Associated with Nonregulated Activities

89ATCH3A
FVG 20-Mar-89
AAD

REVENUE REQUIREMENT DISALLOWANCES
INSIDE WIRE

SUMMARY
REVENUE REQUIREMENT
DISALLOWANCE CHART

($ TO NEAREST THOUSAND)

			OPERATING COMPANY TOTALS			
			COMMON LINE	TS SWITCHED	SPECIAL ACCESS	TOTAL
			A	B	C	D
**	TOTAL ALL OPERATING COMPANIES	TOTL	$142,760	$0	$16,009	$158,769
1	ILLINOIS BELL	LBIL	$6,891	$0	$892	$7,783
2	INDIANA BELL	NBIN	$1,952	$0	$171	$2,123
3	MICHIGAN BELL	MBMI	$6,815	$0	$617	$7,432
4	OHIO BELL	OBOH	$5,692	$0	$724	$6,416
5	WISCONSIN BELL	WTWI	$2,930	$0	$217	$3,147
6	CHESAPEAKE & POTOMAC	CPTC	$7,950	$0	$733	$8,683
7	DIAMOND STATE TEL.	DSDE	$803	$0	$914	$1,717
8	BELL OF PENNSYLVANIA	PAPA	$6,878	$0	$766	$7,644
9	NEW JERSEY BELL	NJNJ	$6,105	$0	$861	$6,966
10	SOUTHERN BELL	SBTC	$3,559	$0	$378	$3,937
11	SOUTH CENTRAL BELL	SCTC	$1,701	$0	$164	$1,865
12	NEW ENGLAND TELEPHONE	NETC	$17,940	$0	$1,695	$19,635
13	NEW YORK TELEPHONE	NYNY	$36,272	$0	$4,785	$41,057
14	PACIFIC BELL	PTCA	$15,851	$0	$1,082	$16,933
15	NEVADA BELL	PTNV	$1,032	$0	$41	$1,073
16	SOUTHWESTERN BELL TEL. CO.	SWTR	$14,513	$0	$1,620	$16,133
17	MOUNTAIN BELL	MSTC	$1,503	$0	$96	$1,599
18	NORTHWESTERN BELL	NWTC	$368	$0	$35	$403
19	PACIFIC NORTHWEST BELL	PNTC	$1,069	$0	$80	$1,149
20	CENTRAL OF FLORIDA	CEFL				$0
21	CENTRAL OF NEVADA	CENV				$0
22	CINCINNATI BELL TELEPHONE	CBTC				$0
23	CONTEL OF CALIFORNIA	COCA				$0
24	CONTEL OF NEW YORK	CONY				$0
25	CONTEL OF TEXAS	COTX				$0
26	CONTEL OF VIRGINIA	COVA				$0
27	GTE CALIFORNIA, INC.	GTCA	$2,936	$0	$138	$3,074
28	GTE FLORIDA, INC.	GTFL				$0
29	GTE NORTHWEST, INC.	GTNW				$0
30	GTE SOUTH, INC.	GTSO				$0
31	GTE SOUTHWEST, INC.	GTSW				$0
32	GTE NORTH, INC.	GTNW				$0
33	GTE HAWAIIAN, INC.	GTHI				$0
34	LINCOLN TELEPHONE COMPANY	LTNE				$0
35	ROCHESTER TELEPHONE CORPORATION	RTNY				$0
36	SOUTHERN NEW ENGLAND TELEPHONE	SNCT				$0
37	UNITED OF FLORIDA	UTFL				$0
38	UNITED OF INDIANA	UTIN				$0
39	CAROLINA TEL. & TEL.	UTNC				$0
40	UNITED OF OHIO	UTOH				$0
41	UNITED OF PENN.	UTPA				$0
42	UNITED INTER-MOUNTAIN	UTIM				$0
			HOLDING COMPANY TOTALS			
**	TOTAL ALL HOLDING COMPANIES		$142,760	$0	$16,009	$158,769
1	AMERITECH		$24,280	$0	$2,621	$26,901
2	BELL ATLANTIC		$21,736	$0	$3,274	$25,010
3	BELL SOUTH		$5,260	$0	$542	$5,802
4	NYNEX		$54,212	$0	$6,480	$60,692
5	PACIFIC TELESIS		$16,883	$0	$1,123	$18,006
6	SOUTHWESTERN BELL TEL. CO.		$14,513	$0	$1,620	$16,133
7	U.S. WEST		$2,940	$0	$211	$3,151
8	CENTRAL TELEPHONE CO.		$0	$0	$0	$0
9	CINCINNATI BELL TELEPHONE		$0	$0	$0	$0
10	CONTINENTAL TELEPHONE CO.		$0	$0	$0	$0
11	GTE		$2,936	$0	$138	$3,074
12	LINCOLN TELEPHONE CO.		$0	$0	$0	$0
13	ROCHESTER TELEPHONE CORP.		$0	$0	$0	$0
14	SOUTHERN NEW ENGLAND TELEPHONE		$0	$0	$0	$0
15	UNITED TELEPHONE SYSTEM		$0	$0	$0	$0

Determination of the 1989 Inside Wire Expense Disallowance ($000)

JURISDICTION	Projected Total Acct 6362	Company Projection of Reg Expense $	Company Projection of Reg Expense %	FCC Allowed Reg Expense	FCC Disallowance Acct 6362	Overhead Expense Factor	FCC Disallowance Total
	A	B	C=B/A	D	E=D-B	F	G=E+F*E
TOTAL INDUSTRY	1,415,127	887,959	62.7%	470,747	421,036	45.9%	599,017
TOTAL BOC	1,245,262	815,303	65.5%	432,013	411,501	44.6%	586,027
TOTAL INDEPENDENTS	169,865	72,657	42.8%	38,734	9,535	47.2%	12,990
AMERITECH	228,320	156,966	68.7%	74,432	82,534	37.6%	113,543
Illinois Bell	87,796	50,270	57.3%	28,622	21,649	35.2%	29,261
Indiana Bell	19,237	12,241	63.6%	6,271	5,970	41.9%	8,471
Michigan Bell	60,136	45,692	76.0%	19,604	26,088	35.1%	35,240
Ohio Bell	47,103	35,145	74.6%	15,356	19,789	38.0%	27,312
Wisconsin Bell	14,048	13,618	96.9%	4,580	9,038	46.7%	13,259
BELL ATLANTIC	243,359	143,614	59.0%	79,335	64,279	37.4%	89,788
C&P TOTAL	90,540	51,934	57.4%	29,516	22,418	39.5%	31,256
C&P - D. C.	21,718	12,454	57.3%	7,080	5,374	36.4%	7,332
C&P - Maryland	34,957	18,755	53.7%	11,396	7,359	35.4%	9,963
C&P - Virginia	28,850	17,664	61.2%	9,405	8,259	44.2%	11,912
C&P - West Virginia	5,015	3,061	61.0%	1,635	1,426	43.7%	2,049
Diamond State	5,741	3,806	66.3%	1,872	1,934	53.0%	2,959
Bell of Pennsylvania	65,337	42,940	65.7%	21,300	21,640	46.9%	31,799
New Jersey Bell	81,741	44,934	55.0%	26,648	18,286	30.0%	23,774
BELLSOUTH	179,772	73,015	40.6%	87,397	14,382	47.2%	21,135
SOUTHERN BELL TOTAL	114,426	53,496	46.8%	62,650	9,154	45.4%	13,308
S B - Florida	57,453	26,234	45.7%	30,830	4,596	46.2%	6,717
S B - Georgia	31,685	17,109	54.0%	19,644	2,535	40.4%	3,560
S B - North Carolina	15,473	5,986	38.7%	7,224	1,238	48.8%	1,842
S B - South Carolina	9,815	4,167	42.5%	4,952	785	51.4%	1,189
SOUTH CENTRAL TOTAL	65,346	19,519	29.9%	24,747	5,228	50.3%	7,827
S C - Alabama	14,704	4,861	33.1%	6,037	1,176	43.4%	1,687
S C - Kentucky	7,708	2,743	35.6%	3,360	617	53.3%	945
S C - Louisiana	16,678	3,707	22.2%	5,041	1,334	53.3%	2,045
S C - Mississippi	7,188	1,609	22.4%	2,184	575	45.6%	837
S C - Tennessee	19,069	6,599	34.6%	8,124	1,525	51.6%	2,313
NYNEX	281,240	241,587	85.9%	91,684	149,903	44.4%	219,134
NEW ENGLAND TOTAL	82,721	77,000	93.1%	26,967	50,033	43.0%	71,448
N E - Maine	5,646	5,044	89.3%	1,841	3,203	54.8%	4,957
N E - Massachusetts	61,304	57,620	94.0%	19,985	37,635	41.7%	53,319
N E - New Hampshire	6,438	6,066	94.2%	2,099	3,967	40.1%	5,557
N E - Rhode Island	6,786	5,884	86.7%	2,212	3,672	42.1%	5,216
N E - Vermont	2,547	2,386	93.7%	830	1,556	54.1%	2,398
New York Telephone	198,519	164,587	82.9%	64,717	99,870	47.9%	147,686
PACIFIC BELL TOTAL	127,099	89,408	70.3%	41,434	47,974	47.0%	70,496
Pacific Bell-California	123,345	86,470	70.1%	40,210	46,260	47.1%	68,028
Nevada Bell	3,754	2,938	78.3%	1,224	1,714	43.9%	2,468
SOUTHWESTERN BELL TOTAL	108,016	81,131	75.1%	35,213	45,918	34.1%	61,864
Southwestern - Arkansas	6,023	3,825	63.5%	1,963	1,862	39.4%	2,594
Southwestern - Kansas	8,240	6,039	73.3%	2,686	3,353	34.4%	4,505
Southwestern - Missouri	19,657	16,007	81.4%	6,408	9,599	42.4%	13,670
Southwestern - Oklahoma	7,930	5,137	64.8%	2,585	2,552	39.4%	3,558
Southwestern - Texas	66,166	50,123	75.8%	21,570	28,553	31.5%	37,537

US WEST	77,456	29,581	38.2%	22,517	6,511	59.1%	10,067
MOUNTAIN STATES TOTAL	42,046	16,864	40.1%	13,319	3,008	59.5%	4,663
Mountain - Arizona	14,696	6,727	45.8%	4,791	1,936	54.5%	2,992
Mountain - Colorado	13,470	5,463	40.6%	4,391	1,072	55.9%	1,672
Mountain - Idaho	1,846	500	27.1%	500	0	87.9%	0
Mountain - Montana	1,882	860	45.7%	614	0	59.7%	0
Mountain - New Mexico	4,017	1,070	26.6%	1,070	0	53.9%	0
Mountain - Utah	4,525	1,766	39.0%	1,475	0	60.0%	0
Mountain - Wyoming	1,610	478	29.7%	478	0	54.8%	0
NORTHWEST BELL TOTAL	17,211	4,734	27.5%	3,891	828	61.1%	1,254
Northwest - Iowa	3,165	378	11.9%	378	0	72.4%	0
Northwest - Minnesota	8,811	1,925	21.8%	1,925	0	63.5%	0
Northwest - Nebraska	3,015	1,811	60.1%	983	828	51.4%	1,254
Northwest - N Dakota	1,055	225	21.3%	225	0	78.3%	0
Northwest - S Dakota	1,165	395	33.9%	380	0	78.7%	0
PACIFIC NORTHWEST TOTAL	18,199	7,983	43.9%	5,308	2,675	55.5%	4,149
Pacific NW-Idaho	51	13	25.5%	13	0	71.7%	0
Pacific NW-Oregon	5,008	1,011	20.2%	1,011	0	60.7%	0
Pacific NW-Washington	13,140	6,959	53.0%	4,284	2,675	55.1%	4,149
CENTEL TOTAL	1,960	1,960	100.0%	639	0	36.4%	0
Centel - Florida	497	497	100.0%	162	N/A	36.9%	0
Centel - Nevada	1,463	1,463	100.0%	477	N/A	36.6%	0
CINCINNATI BELL	6,906	6,554	94.9%	2,251	N/A	78.8%	0
CONTEL TOTAL	881	881	100.0%	288	0	40.2%	0
Contel - California	3	1	43.8%	1	N/A	34.8%	0
Contel - New York	879	879	100.0%	286	N/A	33.1%	0
Contel - Texas	0	0	51.0%	0	N/A	50.8%	0
Contel - Virginia	1	1	100.0%	0	N/A	47.7%	0
GTE TOTAL	129,414	49,681	38.4%	29,413	9,535	43.5%	12,990
GTE - California	43,821	23,821	54.4%	14,286	9,535	36.2%	12,990
GTE - Florida	15,702	15,702	100.0%	5,119	N/A	43.5%	0
GTE OF THE NORTHWEST	4,969	43	0.9%	43	0	50.1%	0
GTE NW-Idaho	240	4	1.7%	4	N/A	51.0%	0
GTE NW-Montana	10	0	0.0%	0	N/A	76.1%	0
GTE NW-Oregon	1,929	12	0.6%	12	N/A	46.7%	0
GTE NW-Washington	2,756	26	0.9%	26	N/A	51.8%	0
GTE NW-W C California	33	0	0.0%	0	N/A	51.5%	0
GTE NW-Idaho&Montana	250	4	1.6%	4	N/A	51.9%	0
GTE NW-OR,WA & WC CA	4,719	39	0.8%	39	N/A	50.0%	0
GTE OF THE SOUTH	11,993	1,962	16.4%	1,947	0	33.7%	0
GTE SO - Alabama	754	74	9.8%	74	N/A	31.1%	0
GTE SO - Georgia	2,294	46	2.0%	46	N/A	33.8%	0
GTE SO - Kentucky	4,744	1,336	28.2%	1,336	N/A	33.1%	0
GTE SO - N Carolina	924	173	18.7%	173	N/A	49.1%	0
GTE SO - S Carolina	1,523	37	2.4%	37	N/A	28.8%	0
GTE SO - Tennessee	491	44	9.0%	44	N/A	30.6%	0
GTE SO - Virginia	209	83	39.7%	68	N/A	28.1%	0
GTE SO - W Virginia	1,054	169	16.0%	169	N/A	29.0%	0
GTE OF THE SOUTHWEST	12,374	2,813	22.7%	2,813	0	35.9%	0
GTE SW - Arkansas	679	96	14.1%	96	N/A	39.4%	0
GTE SW - New Mexico	201	48	23.9%	48	N/A	44.8%	0
GTE SW - Oklahoma	521	97	18.6%	97	N/A	41.1%	0
GTE SW - Texas	10,973	2,572	23.4%	2,572	N/A	35.1%	0
GTE OF THE NORTH	25,718	4,198	16.3%	4,063	0	50.9%	0
GTE N - Illinois	3,276	658	20.1%	658	N/A	42.4%	0
GTE N - Indiana	7,495	704	9.4%	704	N/A	78.2%	0

GTE N - Iowa	1,031	245	23.8%	245	N/A	67.2%	0
GTE N - Michigan	3,392	264	7.8%	264	N/A	40.9%	0
GTE N - Minnesota	11	2	18.2%	2	N/A	64.3%	0
GTE N - Missouri	1,280	273	21.3%	273	N/A	55.2%	0
GTE N - Nebraska	536	149	27.8%	149	N/A	56.4%	0
GTE N - Ohio	3,705	344	9.3%	344	N/A	45.7%	0
GTE N - Pennsylvania	2,568	634	24.7%	634	N/A	42.3%	0
GTE N - Wisconsin	2,424	925	38.2%	790	N/A	41.9%	0
Hawaiian Telephone	14,837	1,142	7.7%	1,142	N/A	52.2%	0
LINCOLN TELEPHONE	0				N/A	95.0%	0
ROCHESTER TELEPHONE	823	0	0.0%	0	N/A	52.0%	0
SOUTHERN NEW ENGLAND	11,035	11,035	100.0%	3,597	N/A	30.2%	0
UTS TOTAL	18,846	2,545	13.5%	2,545	0	54.0%	0
UTS - Florida	4,734	1,278	27.0%	1,278	N/A	48.0%	0
UTS - Indiana	1,938	61	3.2%	61	N/A	65.6%	0
UTS - North Carolina	7,022	577	8.2%	577	N/A	54.7%	0
UTS - Ohio	3,299	412	12.5%	412	N/A	59.7%	0
UTS - Pennsylvania	1,853	217	11.7%	217	N/A	49.4%	0
UNITED INTER-MOUNTAIN	0	0			0	58.6%	0
United IM - Tennessee	0				N/A	58.4%	0
United IM - Virginia	0				N/A	58.9%	0

Notes:

Columns A & B - Source: TRP COS7P-ACCOUNT 6362 (Col A = "Subject to Separations" + "Non-Reg")
For US West we have added the nonregulated portion of Account 6426 to Account 6362.
For BellSouth we have added the regulated inside portion of Account 6426 to Account 6362 and removed the expense associated with nonregulated CPE installation.

Column D: For all carriers except Bell South, the allowed reg/total expense ratio is 32%. For Bell South the FCC allowed regulated expense equals the carriers' projections minus 8% of the total expense to compensate for Bell South's misallocation of no trouble found (NTF) and no access (NA) reports to its regulated operations.

FCC allowed ratio (reg/total expense): 0.326
FCC cut-off point for requiring a disallowance: 0.326

Column E: The minimum disallowance is $500,000. No disallowance was calculated for GTE of Florida because all that carrier's nonregulated inside wire activities are carried out through a separate subsidiary. The other N/A's in the disallowance column are for carriers whose Doc 86-111 cost manuals and inside wire allocation processes have not fully reviewed.

Column F: The overhead factor is based on the ratio of Corporate Operations and Customer Operations Expense to the sum of Plant Specific, Plant Non-Specific, and Customer Operator Services. This ratio was calculated for both the Total Company and the Non-Reg columns of the TRP COS-1P and the higher of the two columns was used. The Total Company ratios were used for GTE-Florida and Southern New England because the Non-Reg ratios for those two companies were extremely high.

Reference: 17-Mar-89 05:49 PM 89-2DIS.WK1

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20-Mar-89

INTERSTATE ADVERTISING

SUMMARY
REVENUE REQUIREMENT
DISALLOWANCE CHART

($ TO NEAREST THOUSAND)

			OPERATING COMPANY TOTALS			
			COMMON LINE	TS SWITCHED	SPECIAL ACCESS	TOTAL
			A	B	C	D
**	TOTAL ALL OPERATING COMPANIES	TOTL	$141	$78	$36	$255
1	ILLINOIS BELL	LBIL				$0
2	INDIANA BELL	NBIN				$0
3	MICHIGAN BELL	MBMI				$0
4	OHIO BELL	OBOH				$0
5	WISCONSIN BELL	WTWI				$0
6	CHESAPEAKE & POTOMAC	CPTC				$0
7	DIAMOND STATE TEL.	DSDE				$0
8	BELL OF PENNSYLVANIA	PAPA				$0
9	NEW JERSEY BELL	NJNJ				$0
10	SOUTHERN BELL	SBTC	$83	$42	$22	$147
11	SOUTH CENTRAL BELL	SCTC	$58	$36	$14	$108
12	NEW ENGLAND TELEPHONE	NETC				$0
13	NEW YORK TELEPHONE	NYNY				$0
14	PACIFIC BELL	PTCA				$0
15	NEVADA BELL	PTNV				$0
16	SOUTHWESTERN BELL TEL. CO.	SWTR				$0
17	MOUNTAIN BELL	MSTC				$0
18	NORTHWESTERN BELL	NWTC				$0
19	PACIFIC NORTHWEST BELL	PNTC				$0
20	CENTRAL OF FLORIDA	CEFL				$0
21	CENTRAL OF NEVADA	CENV				$0
22	CINCINNATI BELL TELEPHONE	CBTC				$0
23	CONTEL OF CALIFORNIA	COCA				$0
24	CONTEL OF NEW YORK	CONY				$0
25	CONTEL OF TEXAS	COTX				$0
26	CONTEL OF VIRGINIA	COVA				$0
27	GTE CALIFORNIA, INC.	GTCA				$0
28	GTE FLORIDA, INC.	GTFL				$0
29	GTE NORTHWEST, INC.	GTNW				$0
30	GTE SOUTH, INC.	GTSO				$0
31	GTE SOUTHWEST, INC.	GTSW				$0
32	GTE NORTH, INC.	GTNW				$0
33	GTE HAWAIIAN, INC.	GTHI				$0
34	LINCOLN TELEPHONE COMPANY	LTNE				$0
35	ROCHESTER TELEPHONE CORPORATION	RTNY				$0
36	SOUTHERN NEW ENGLAND TELEPHONE	SNCT				$0
37	UNITED OF FLORIDA	UTFL				$0
38	UNITED OF INDIANA	UTIN				$0
39	CAROLINA TEL. & TEL.	UTNC				$0
40	UNITED OF OHIO	UTOH				$0
41	UNITED OF PENN.	UTPA				$0
42	UNITED INTER-MOUNTAIN	UTIM				$0
			HOLDING COMPANY TOTALS			
**	TOTAL ALL HOLDING COMPANIES		$141	$78	$36	$255
1	AMERITECH		$0	$0	$0	$0
2	BELL ATLANTIC		$0	$0	$0	$0
3	BELL SOUTH		$141	$78	$36	$255
4	NYNEX		$0	$0	$0	$0
5	PACIFIC TELESIS		$0	$0	$0	$0
6	SOUTHWESTERN BELL TEL. CO.		$0	$0	$0	$0
7	U.S. WEST		$0	$0	$0	$0
8	CENTRAL TELEPHONE CO.		$0	$0	$0	$0
9	CINCINNATI BELL TELEPHONE		$0	$0	$0	$0
10	CONTINENTAL TELEPHONE CO.		$0	$0	$0	$0
11	GTE		$0	$0	$0	$0
12	LINCOLN TELEPHONE CO.		$0	$0	$0	$0
13	ROCHESTER TELEPHONE CORP.		$0	$0	$0	$0
14	SOUTHERN NEW ENGLAND TELEPHONE		$0	$0	$0	$0
15	UNITED TELEPHONE SYSTEM		$0	$0	$0	$0

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INTERSTATE EXPENSE
LESS DEPRECIATION

SUMMARY
REVENUE REQUIREMENT
DISALLOWANCE CHART

($ TO NEAREST THOUSAND)

		OPERATING COMPANY TOTALS			
		COMMON LINE	TS SWITCHED	SPECIAL ACCESS	TOTAL
		A	B	C	D
** TOTAL ALL OPERATING COMPANIES	TOTL	$445	$289	$147	$881
1 ILLINOIS BELL	LBIL				$0
2 INDIANA BELL	NBIN				$0
3 MICHIGAN BELL	MBMI				$0
4 OHIO BELL	OBOH				$0
5 WISCONSIN BELL	WTWI				$0
6 CHESAPEAKE & POTOMAC	CPTC				$0
7 DIAMOND STATE TEL.	DSDE				$0
8 BELL OF PENNSYLVANIA	PAPA				$0
9 NEW JERSEY BELL	NJNJ				$0
10 SOUTHERN BELL	SBTC				$0
11 SOUTH CENTRAL BELL	SCTC				$0
12 NEW ENGLAND TELEPHONE	NETC				$0
13 NEW YORK TELEPHONE	NYNY				$0
14 PACIFIC BELL	PTCA				$0
15 NEVADA BELL	PTNV				$0
16 SOUTHWESTERN BELL TEL. CO.	SWTR	$445	$289	$147	$881
17 MOUNTAIN BELL	MSTC				$0
18 NORTHWESTERN BELL	NWTC				$0
19 PACIFIC NORTHWEST BELL	PNTC				$0
20 CENTRAL OF FLORIDA	CEFL				$0
21 CENTRAL OF NEVADA	CENV				$0
22 CINCINNATI BELL TELEPHONE	CBTC				$0
23 CONTEL OF CALIFORNIA	COCA				$0
24 CONTEL OF NEW YORK	CONY				$0
25 CONTEL OF TEXAS	COTX				$0
26 CONTEL OF VIRGINIA	COVA				$0
27 GTE CALIFORNIA, INC.	GTCA				$0
28 GTE FLORIDA, INC.	GTFL				$0
29 GTE NORTHWEST, INC.	GTNW				$0
30 GTE SOUTH, INC.	GTSO				$0
31 GTE SOUTHWEST, INC.	GTSW				$0
32 GTE NORTH, INC.	GTMW				$0
33 GTE HAWAIIAN, INC.	GTHI				$0
34 LINCOLN TELEPHONE COMPANY	LTNE				$0
35 ROCHESTER TELEPHONE CORPORATION	RTNY				$0
36 SOUTHERN NEW ENGLAND TELEPHONE	SNCT				$0
37 UNITED OF FLORIDA	UTFL				$0
38 UNITED OF INDIANA	UTIN				$0
39 CAROLINA TEL. & TEL.	UTNC				$0
40 UNITED OF OHIO	UTOH				$0
41 UNITED OF PENN.	UTPA				$0
42 UNITED INTER-MOUNTAIN	UTIM				$0
		HOLDING COMPANY TOTALS			
** TOTAL ALL HOLDING COMPANIES		$445	$289	$147	$881
1 AMERITECH		$0	$0	$0	$0
2 BELL ATLANTIC		$0	$0	$0	$0
3 BELL SOUTH		$0	$0	$0	$0
4 NYNEX		$0	$0	$0	$0
5 PACIFIC TELESIS		$0	$0	$0	$0
6 SOUTHWESTERN BELL TEL. CO.		$445	$289	$147	$881
7 U.S. WEST		$0	$0	$0	$0
8 CENTRAL TELEPHONE CO.		$0	$0	$0	$0
9 CINCINNATI BELL TELEPHONE		$0	$0	$0	$0
10 CONTINENTAL TELEPHONE CO.		$0	$0	$0	$0
11 GTE		$0	$0	$0	$0
12 LINCOLN TELEPHONE CO.		$0	$0	$0	$0
13 ROCHESTER TELEPHONE CORP.		$0	$0	$0	$0
14 SOUTHERN NEW ENGLAND TELEPHONE		$0	$0	$0	$0
15 UNITED TELEPHONE SYSTEM		$0	$0	$0	$0

SUMMARY
REVENUE REQUIREMENT
DISALLOWANCE CHART

($ TO NEAREST THOUSAND)

			OPERATING COMPANY TOTALS			
			COMMON LINE	TS SWITCHED	SPECIAL ACCESS	TOTAL
			A	B	C	D
**	TOTAL ALL OPERATING COMPANIES	TOTL	$62	$43	$19	$124
1	ILLINOIS BELL	LBIL				$0
2	INDIANA BELL	NBIN				$0
3	MICHIGAN BELL	NBMI				$0
4	OHIO BELL	OBOH				$0
5	WISCONSIN BELL	WTWI				$0
6	CHESAPEAKE & POTOMAC	CPTC				$0
7	DIAMOND STATE TEL.	DSDE				$0
8	BELL OF PENNSYLVANIA	PAPA				$0
9	NEW JERSEY BELL	NJNJ				$0
10	SOUTHERN BELL	SBTC				$0
11	SOUTH CENTRAL BELL	SCTC				$0
12	NEW ENGLAND TELEPHONE	NETC				$0
13	NEW YORK TELEPHONE	NYNY				$0
14	PACIFIC BELL	PTCA				$0
15	NEVADA BELL	PTNV				$0
16	SOUTHWESTERN BELL TEL. CO.	SWTR	$62	$43	$19	$124
17	MOUNTAIN BELL	MSTC				$0
18	NORTHWESTERN BELL	NWTC				$0
19	PACIFIC NORTHWEST BELL	PNTC				$0
20	CENTRAL OF FLORIDA	CEFL				$0
21	CENTRAL OF NEVADA	CENV				$0
22	CINCINNATI BELL TELEPHONE	CBTC				$0
23	CONTEL OF CALIFORNIA	COCA				$0
24	CONTEL OF NEW YORK	CONY				$0
25	CONTEL OF TEXAS	COTX				$0
26	CONTEL OF VIRGINIA	COVA				$0
27	GTE CALIFORNIA, INC.	GTCA				$0
28	GTE FLORIDA, INC.	GTFL				$0
29	GTE NORTHWEST, INC.	GTNW				$0
30	GTE SOUTH, INC.	GTSO				$0
31	GTE SOUTHWEST, INC.	GTSW				$0
32	GTE NORTH, INC.	GTNW				$0
33	GTE HAWAIIAN, INC.	GTHI				$0
34	LINCOLN TELEPHONE COMPANY	LTNE				$0
35	ROCHESTER TELEPHONE CORPORATION	RTNY				$0
36	SOUTHERN NEW ENGLAND TELEPHONE	SNCT				$0
37	UNITED OF FLORIDA	UTFL				$0
38	UNITED OF INDIANA	UTIN				$0
39	CAROLINA TEL. & TEL.	UTNC				$0
40	UNITED OF OHIO	UTOH				$0
41	UNITED OF PENN.	UTPA				$0
42	UNITED INTER-MOUNTAIN	UTIM				$0

HOLDING COMPANY TOTALS

**	TOTAL ALL HOLDING COMPANIES	$62	$43	$19	$124
1	AMERITECH	$0	$0	$0	$0
2	BELL ATLANTIC	$0	$0	$0	$0
3	BELL SOUTH	$0	$0	$0	$0
4	NYNEX	$0	$0	$0	$0
5	PACIFIC TELESIS	$0	$0	$0	$0
6	SOUTHWESTERN BELL TEL. CO.	$62	$43	$19	$124
7	U.S. WEST	$0	$0	$0	$0
8	CENTRAL TELEPHONE CO.	$0	$0	$0	$0
9	CINCINNATI BELL TELEPHONE	$0	$0	$0	$0
10	CONTINENTAL TELEPHONE CO.	$0	$0	$0	$0
11	GTE	$0	$0	$0	$0
12	LINCOLN TELEPHONE CO.	$0	$0	$0	$0
13	ROCHESTER TELEPHONE CORP.	$0	$0	$0	$0
14	SOUTHERN NEW ENGLAND TELEPHONE	$0	$0	$0	$0
15	UNITED TELEPHONE SYSTEM	$0	$0	$0	$0

APPENDIX C

Disallowances of Unseparated Costs Based on TRP Analysis

THREE YEAR REPORT CARD
UNSEPARATED TELEPHONE PLANT IN SERVICE (TPIS)

TPIS FORECASTS AND ACTUALS

	88 Actuals (A)	88 Forecast (B)	87 Actuals (C)	87 Forecast (D)	85/86 Actuals (E)	85/86 Forecast (F)
LBIL	$6,624,857	$7,438,222	$7,045,479	$7,184,806	$6,307,703	$6,271,926
NBIN	$2,559,028	$2,639,943	$2,433,497	$2,487,690	$2,189,925	$1,482,757
MBMI	$6,435,840	$6,430,876	$6,109,039	$6,018,496	$5,425,588	$5,497,047
OBOH	$4,725,982	$4,713,374	$4,475,962	$4,487,435	$4,118,882	$4,129,728
WTWI	$2,400,598	$2,470,280	$2,327,099	$2,329,599	$2,140,399	$2,180,706
CPTC	$10,532,437	$10,456,148	$9,831,676	$9,835,163	$8,696,333	$8,568,940
DSDE	$538,318	$543,553	$507,521	$510,043	$447,034	$458,722
PAPA	$7,165,133	$7,308,041	$6,745,351	$6,762,222	$5,980,030	$6,009,793
NJNJ	$6,836,688	$7,017,027	$6,400,111	$6,519,337	$5,751,631	$5,790,300
SBTC	$17,456,459	$17,699,433	$16,280,203	$16,391,027	$14,439,020	$14,372,998
SCTC	$13,215,992	$13,330,862	$12,602,448	$12,482,872	$11,454,973	$11,622,686
NETC	$9,062,492	$9,040,016	$8,425,067	$8,433,105	$7,892,825	$7,529,138
NYNY	$16,698,446	$16,800,694	$15,838,855	$16,039,503	$14,582,776	$14,536,364
PTCA	$21,937,241	$22,517,228	$21,045,471	$21,167,434	$19,296,479	$19,222,412
PTNV	$417,551	$419,041	$398,438	$407,408	$0	$0
SWTR	$22,342,904	$22,991,253	$21,518,448	$22,069,875	$19,390,800	$19,587,322
MSTC	$10,698,595	$10,892,614	$10,219,236	$10,284,422	$9,227,689	$9,289,372
NWTC	$6,344,684	$6,455,390	$6,037,944	$6,042,723	$5,560,438	$5,556,240
PNTC	$4,843,648	$4,912,356	$4,536,010	$4,704,273	$4,261,329	$4,211,984
CEFL	$412,160	$417,421	$381,528	$360,000	$350,000	$290,000
CENV	$464,721	$469,623	$446,501	$443,231	$418,893	$399,880
CBTC	$1,098,136	$1,126,135	$1,077,781	$1,048,106	$963,651	$1,052,968
COCA	$581,157	$587,737	$552,589	$556,325	$534,585	$521,258
CONY	$405,305	$421,207	$394,905	$398,194	$340,607	$361,394
COTX	$416,053	$423,634	$387,848	$399,597	$348,803	$351,840
COVA	$590,760	$595,229	$543,875	$551,747	$488,716	$504,226
GTCA	$6,536,989	$6,609,649	$6,102,684	$6,138,617	$5,351,836	$5,638,337
GTFL	$3,120,901	$3,206,011	$2,923,485	$2,927,771	$2,591,970	$2,590,309
GTNW	$1,834,774	$1,874,296	$1,773,391	$1,755,679	$1,537,303	$1,541,018
GTSO	$2,283,594	$2,235,745	$2,111,525	$2,062,241	$1,849,859	$1,827,653
GTSW	$3,239,913	$3,229,543	$2,986,210	$3,028,739	$2,695,317	$2,773,193
GTMW	$6,177,210	$5,901,294	$5,674,704	$5,738,450	$5,407,748	$5,319,648
GTHI	$1,132,229	$1,129,030	$1,127,593	$1,097,458	$1,051,440	$1,024,303
LTNE	$359,352	$365,002	$353,830	$353,174	$332,432	$287,141
RTNY	$628,558	$638,635	$599,108	$605,451	$561,014	$554,672
SNCT	$3,130,314	$3,211,520	$2,970,043	$2,878,201	$2,531,974	$2,697,454
UTFL	$1,639,032	$1,673,073	$1,600,705	$1,605,655	$1,405,107	$1,438,395
UTIN	$349,177	$354,326	$353,903	$344,014	$336,323	$346,814
UTNC	$1,137,090	$1,143,307	$1,125,768	$1,111,820	$1,065,943	$1,072,755
UTOH	$744,351	$749,129	$737,266	$765,070	$733,642	$741,851
UTPA	$452,457	$455,895	$426,547	$427,861	$401,196	$385,872
UTIM	$428,412	$420,603	$433,421	$417,713	$400,439	$398,936
TOTAL	$207,999,538	$211,314,395	$197,863,065	$199,172,547	$178,862,652	$178,438,352

Sources: (1) 1988 and 1987 numbers from COS-4, col. F in 1989 TRP.
(2) 1985/1986 numbers are from COS-5 in the 1987 TRP.

THREE YEAR REPORT CARD
UNSEPARATED TELEPHONE PLANT IN SERVICE (TPIS)

PERCENT BY WHICH OPERATING CO. FORECASTS DIFFER FROM ACTUALS

	1988	1987	1985/1986	wtd. avg. col (J) > 1%?		
	(G)	(H)	(I)	(J)	(K)	
LBIL	12.28%	1.98%	-0.57%	5.59%	Yes	LBIL
NBIN	3.16%	2.23%	ERR	2.16%	Yes	NBIN
MBMI	-0.08%	-1.48%	1.32%	-0.36%	No	MBMI
OBOH	-0.27%	0.26%	0.26%	0.05%	No	OBOH
WTWI	2.90%	0.11%	1.88%	1.58%	Yes	WTWI
CPTC	-0.72%	0.04%	-1.46%	-0.57%	No	CPTC
DSDE	0.97%	0.50%	2.61%	1.11%	Yes	DSDE
PAPA	1.99%	0.25%	0.50%	1.00%	No	PAPA
NJNJ	2.64%	1.86%	0.67%	1.93%	Yes	NJNJ
SBTC	1.39%	0.68%	-0.46%	0.74%	No	SBTC
SCTC	0.87%	-0.95%	1.46%	0.26%	No	SCTC
NETC	-0.25%	0.10%	-4.61%	-0.98%	No	NETC
NYNY	0.61%	1.27%	-0.32%	0.69%	No	NYNY
PTCA	2.64%	0.58%	-0.38%	1.21%	Yes	PTCA
PTNV	0.36%	2.25%	NA	1.30%	Yes	PTNV
SWTR	2.90%	2.56%	1.01%	2.39%	Yes	SWTR
MSTC	1.81%	0.64%	0.67%	1.11%	Yes	MSTC
NWTC	1.74%	0.08%	-0.08%	0.71%	No	NWTC
PNTC	1.42%	3.71%	-1.16%	1.82%	Yes	PNTC
CEFL	1.28%	-5.64%	ERR	-1.75%	No	CEFL
CENV	1.05%	-0.73%	-4.54%	-0.78%	No	CENV
CBTC	2.55%	-2.75%	9.27%	1.77%	Yes	CBTC
COCA	1.13%	0.68%	-2.49%	0.22%	No	COCA
CONY	3.92%	0.83%	6.10%	3.12%	Yes	CONY
COTX	1.82%	3.03%	0.87%	2.11%	Yes	COTX
COVA	0.76%	1.45%	3.17%	1.52%	Yes	COVA
GTCA	1.11%	0.59%	5.35%	1.75%	Yes	GTCA
GTFL	2.73%	0.15%	-0.06%	1.14%	Yes	GTFL
GTNW	2.15%	-1.00%	0.24%	0.51%	No	GTNW
GTSO	-2.10%	-2.33%	-1.20%	-2.01%	No	GTSO
GTSW	-0.32%	1.42%	2.89%	1.02%	Yes	GTSW
GTMW	-4.47%	1.12%	-1.63%	-1.66%	No	GTMW
GTHI	-0.28%	-2.67%	-2.58%	-1.70%	No	GTHI
LTNE	1.57%	-0.19%	ERR	0.55%	No	LTNE
RTNY	1.60%	1.06%	-1.13%	0.84%	No	RTNY
SNCT	2.59%	-3.09%	6.54%	1.11%	Yes	SNCT
UTFL	2.08%	0.31%	2.37%	1.43%	Yes	UTFL
UTIN	1.47%	-2.79%	3.12%	0.10%	No	UTIN
UTNC	0.55%	-1.24%	0.64%	-0.15%	No	UTNC
UTOH	0.64%	3.77%	1.12%	1.99%	Yes	UTOH
UTPA	0.76%	0.31%	-3.82%	-0.34%	No	UTPA
UTIM	-1.82%	-3.62%	-0.38%	-2.25%	No	UTIM
TOTAL	1.59%	0.66%	-0.24%	0.85%		
avg	1.36%	0.13%	0.61%	0.72%		
std dev	2.30%	1.96%	2.75%	1.47%		
			wtd avg	0.95%		
			wtd std dev	1.49%		

NOTES: (1) Column D is computed by the formula ((2*col. (A))+ (2*col. (B)) + (col. (C))) / 5, except for PTNV, which is (col. (A) + col. (B)) / 2.
(2) The weighted average and standard deviation at the base of column D uses each operating company's percent of the total 1988 actuals as the weights.
(3) The average and standard deviation reported at the base of columns a, b, c, and d are unweighted averages and standard deviations.
(4) Companies for which the forecast is 10% or more below the actuals in any year are reported in this table as 'ERR' for that year, and are treated as reporting zero.

THREE YEAR REPORT CARD
UNSEPARATED EXPENSES LESS DEPRECIATION (ELD)

ELD FORECASTS AND ACTUALS

	88 Actuals	88 Actuals Access expense	Adjusted 88 Actuals	88 Forecast	87 Actuals	87 Forecast	85/86 Actuals	85/86 Forecast
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
LBIL	$1,393,386	$0	$1,393,386	$1,309,756	$1,182,043	$1,262,841	$1,270,731	$1,286,433
NBIN	$470,472	$0	$470,472	$451,619	$417,167	$404,091	$391,129	$404,611
MBMI	$1,229,530	$0	$1,229,530	$1,216,327	$1,113,983	$1,089,854	$1,067,602	$1,108,493
OBOH	$928,608	$67,111	$861,497	$867,951	$795,747	$795,280	$808,629	$825,456
WTWI	$459,666	$0	$459,666	$470,055	$414,937	$417,312	$418,882	$407,910
CPTC	$1,988,882	$0	$1,988,882	$2,003,938	$1,754,185	$1,845,601	$1,690,445	$1,725,040
DSDE	$98,110	$0	$98,110	$99,826	$83,036	$87,297	$79,032	$79,212
PAPA	$1,348,467	$0	$1,348,467	$1,442,044	$1,250,036	$1,231,957	$1,154,623	$1,173,527
NJNJ	$1,385,672	$0	$1,385,672	$1,532,537	$1,265,312	$1,277,947	$1,250,252	$1,273,816
SBTC	$3,212,552	$20,628	$3,191,924	$3,058,207	$2,845,425	$2,873,741	$2,699,326	$2,697,614
SCTC	$2,164,970	$0	$2,164,970	$2,090,678	$1,899,889	$1,872,735	$1,922,533	$1,941,400
NETC	$1,859,526	$0	$1,859,526	$1,894,502	$1,676,458	$1,714,245	$1,607,072	$1,607,217
NYNY	$3,867,011	$0	$3,867,011	$3,962,276	$4,503,884	$3,706,985	$3,471,960	$3,474,108
PTCA	$4,179,533	$41,324	$4,138,209	$4,096,042	$3,509,034	$4,209,348	$4,058,743	$4,465,127
PTNV	$81,855	$5,011	$76,844	$76,560	$70,698	$79,304	$0	$0
SWTR	$3,284,386	$65,617	$3,218,769	$3,309,802	$3,033,070	$3,404,390	$3,399,851	$3,597,784
MSTC	$1,849,947	$43,541	$1,806,406	$1,788,300	$1,646,510	$1,789,963	$1,666,691	$1,644,725
NWTC	$1,137,331	$107,960	$1,029,371	$981,328	$987,860	$930,273	$943,242	$944,397
PNTC	$1,065,746	$190,120	$875,626	$831,793	$732,704	$785,788	$770,804	$797,480
CEFL	$71,544	$0	$71,544	$71,458	$57,277	$60,280	$52,995	$57,172
CENV	$92,708	$0	$92,708	$96,051	$82,831	$84,402	$78,025	$78,855
CBTC	$215,777	$0	$215,777	$220,418	$214,079	$241,843	$223,743	$238,418
COCA	$122,139	$0	$122,139	$128,066	$112,184	$119,485	$108,112	$103,327
CONY	$78,269	$0	$78,269	$80,795	$75,162	$69,223	$66,617	$69,192
COTX	$71,439	$0	$71,439	$71,662	$65,505	$66,427	$61,918	$54,793
COVA	$118,751	$0	$118,751	$117,881	$100,083	$93,614	$84,061	$79,863
GTCA	$1,261,969	$0	$1,261,969	$1,224,223	$1,261,810	$1,197,701	$1,178,201	$1,202,988
GTFL	$548,375	$0	$548,375	$569,089	$551,016	$512,649	$519,294	$522,060
GTNW	$276,691	$216	$276,475	$263,273	$265,631	$278,360	$271,696	$271,412
GTSO	$395,127	$3	$395,124	$396,412	$364,372	$380,181	$347,078	$317,192
GTSW	$528,462	$0	$528,462	$539,177	$503,827	$511,082	$496,016	$494,872
GTNW	$991,758	$29,512	$962,246	$1,007,262	$911,809	$938,303	$901,310	$912,000
GTHI	$159,453	$1	$159,452	$166,768	$144,365	$170,875	$164,797	$170,706
LTNE	$58,974	$0	$58,974	$61,573	$54,859	$56,342	$53,208	$47,976
RTNY	$109,081	$0	$109,081	$112,828	$100,054	$100,131	$92,534	$94,678
SNCT	$709,287	$0	$709,287	$704,938	$709,592	$650,383	$642,794	$648,277
UTFL	$276,829	$8,380	$268,449	$287,356	$246,024	$246,496	$232,461	$222,684
UTIN	$52,823	$0	$52,823	$58,034	$49,425	$50,631	$48,691	$51,562
UTNC	$195,777	$0	$195,777	$192,395	$168,522	$176,059	$168,243	$170,156
UTOH	$132,507	$8,254	$124,253	$126,767	$110,408	$119,015	$110,762	$122,017
UTPA	$77,536	$10,159	$67,377	$65,745	$55,174	$58,497	$60,913	$52,800
UTIM	$67,033	$0	$67,033	$70,653	$58,710	$62,583	$56,133	$57,178
TOTAL	$38,617,959	$597,837	$38,020,122	$38,116,365	$35,444,697	$36,023,514	$34,691,149	$35,494,528

Sources: (1) 1988 and 1987 numbers from COS-4, col. F in 1989 TRP, except 1988 and 1987 actuals for NETC and 1987 actuals for WTWI, which were obtained from COS-2, row 310 in the 1989 TRP, and the 1988 forecasts for NBIN,NETC,NYNY,CBTC,GTCA,GTFL,GTNW,GTSO,GTSW,GTNW, GTHI,LTNE, and SNCT, which were obtained from COS-1(P)32, col. D, rows 200+210+220+230+250.
(2) 1985/1986 numbers are from COS-5 in the 1987 TRP, except the actuals for COVA, which were obtained from the COS-2(H), col. C, row 200+row 220, in the 1987 TRP.
(3) Access expenses are settlements, and are obtained from Chart COS-1(H), col D row 220. They are subtracted from 1988 actuals for those companies which did not project settlements as part of ELD for 1988. Access expenses are included in ELD forecasts for 1988 and thus are not subtracted from 1988 actuals for Bell Atlantic and Centel. The amount Rochester Tel showed for access expense was not settlements, and thus is not subtracted from actuals.

THREE YEAR REPORT CARD
UNSEPARATED EXPENSES LESS DEPRECIATION (ELD)

PERCENT BY WHICH OPERATING CO. FORECASTS DIFFER FROM ACTUALS

	1988	1987	1985/1986	wtd. avg.	col (L) > 1%?	
	(I)	(J)	(K)	(L)	(M)	
LBIL	-6.00%	6.84%	1.24%	0.58%	No	LBIL
NBIN	-4.01%	-3.13%	3.45%	-2.17%	No	NBIN
NBMI	-1.07%	-2.17%	3.83%	-0.53%	No	NBMI
OBOH	0.75%	-0.06%	2.08%	0.69%	No	OBOH
WTWI	2.26%	0.57%	-2.62%	0.61%	No	WTWI
CPTC	0.76%	5.21%	2.05%	2.80%	Yes	CPTC
DSDE	1.75%	5.13%	0.23%	2.80%	Yes	DSDE
PAPA	6.94%	-1.45%	1.64%	2.52%	Yes	PAPA
NJNJ	10.60%	1.00%	1.88%	5.02%	Yes	NJNJ
SBTC	-4.19%	1.00%	-0.06%	-1.29%	No	SBTC
SCTC	-3.43%	-1.43%	0.98%	-1.75%	No	SCTC
NETC	1.88%	2.25%	0.01%	1.66%	Yes	NETC
NYNY	2.46%	ERR	0.06%	1.00%	No	NYNY
PTCA	-1.02%	19.96%	10.01%	9.58%	Yes	PTCA
PTNV	-0.37%	12.17%	NA	5.90%	Yes	PTNV
SWTR	2.83%	12.24%	5.82%	7.19%	Yes	SWTR
MSTC	-1.00%	8.71%	-1.32%	2.82%	Yes	MSTC
NWTC	-4.67%	-5.83%	0.12%	-4.17%	No	NWTC
PNTC	-5.01%	7.24%	3.46%	1.59%	Yes	PNTC
CEFL	-0.12%	5.24%	7.88%	3.63%	Yes	CEFL
CENV	3.61%	1.90%	1.06%	2.41%	Yes	CENV
CBTC	2.15%	12.97%	6.56%	7.36%	Yes	CBTC
COCA	4.85%	6.51%	-4.43%	3.66%	Yes	COCA
CONY	3.23%	-7.90%	3.87%	-1.10%	No	CONY
COTX	0.31%	1.41%	ERR	0.69%	No	COTX
COVA	-0.73%	-6.46%	-4.99%	-3.88%	No	COVA
GTCA	-2.99%	-5.08%	2.10%	-2.81%	No	GTCA
GTFL	3.78%	-6.96%	0.53%	-1.17%	No	GTFL
GTNW	-4.78%	4.79%	-0.10%	-0.01%	No	GTNW
GTSO	0.33%	4.34%	-8.61%	0.14%	No	GTSO
GTSW	2.03%	1.44%	-0.23%	1.34%	Yes	GTSW
GTMW	4.68%	2.91%	1.19%	3.27%	Yes	GTMW
GTHI	4.59%	18.36%	3.59%	9.90%	Yes	GTHI
LTNE	4.41%	2.70%	-9.83%	0.88%	No	LTNE
RTNY	3.44%	0.08%	2.32%	1.87%	Yes	RTNY
SNCT	-0.61%	-8.34%	0.85%	-3.41%	No	SNCT
UTFL	7.04%	0.19%	-4.21%	2.05%	Yes	UTFL
UTIN	9.87%	2.44%	5.90%	6.10%	Yes	UTIN
UTNC	-1.73%	4.47%	1.14%	1.33%	Yes	UTNC
UTOH	2.02%	7.80%	10.16%	5.96%	Yes	UTOH
UTPA	-2.42%	6.02%	ERR	1.44%	Yes	UTPA
UTIM	5.40%	6.60%	1.86%	5.17%	Yes	UTIM
TOTAL	0.25%	1.63%	2.32%	1.22%		
avg	1.14%	2.94%	1.21%	1.90%		
std dev	3.87%	6.32%	4.02%	3.32%		
			wtd avg	2.21%		
			wtd std dev	3.34%		

NOTES: (1) Column D is computed by the formula ((2*col. (A))+ (2*col. (B)) + (col. (C))) / 5, except for PTNV, which is (col. (A) + col. (B)) / 2.
(2) The weighted average and standard deviation at the base of column D uses each operating company's percent of the total 1988 actuals as the weights.
(3) The average and standard deviation reported at the base of columns a, b, c, and d are unweighted averages and standard deviations.
(4) Companies for which the forecast is 10% or more below the actuals in any year are reported in this table as 'ERR' for that year, and are treated as reporting zero.

Unseparated Disallowances and Access Category Disallowances for Telephone Plant in Service (TPIS)

Operating Company	TRP Forecast	Trend Line Forecast	Trend Line Forecast +/- one Standard Deviation		Fail Report Card ?	Total Unseparated TPIS Disallowance	Percent of TRP Forecast Which Is Dis-allowance
			Lower Bound	Upper Bound			
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
IBIL	$7,177,221	$7,275,810	$7,025,304	$7,526,316	Yes	$0	0.00%
NBIN	$2,585,329	$2,740,235	$2,685,546	$2,794,925	Yes	$0	0.00%
MBMI	$6,907,655	$6,891,434	$6,703,561	$7,079,308	No	$0	0.00%
OBOH	$4,638,842	$5,009,360	$4,959,492	$5,059,228	No	$0	0.00%
WIWI	$2,378,624	$2,564,475	$2,473,842	$2,655,107	Yes	$0	0.00%
OPIC	$11,333,797	$11,387,969	$11,173,865	$11,602,073	No	$0	0.00%
DSDE	$593,204	$579,449	$556,868	$602,031	Yes	$13,755	2.32%
PAPA	$7,908,565	$7,696,882	$7,453,709	$7,940,054	No	$0	0.00%
NJNJ	$7,480,338	$7,351,608	$7,292,516	$7,410,700	Yes	$128,730	1.72%
SBIC	$19,061,181	$18,871,920	$18,576,823	$19,167,017	No	$0	0.00%
SCIC	$13,916,244	$14,065,327	$13,900,038	$14,230,616	No	$0	0.00%
NEIC	$9,828,910	$9,675,103	$9,428,136	$9,922,070	No	$0	0.00%
NYNY	$17,695,868	$17,743,245	$17,581,032	$17,905,459	No	$0	0.00%
PICA	$22,845,553	$23,585,878	$22,522,177	$24,649,579	Yes	$0	0.00%
PINV	$441,265	$429,051	$418,102	$440,000	Yes	$12,214	2.77%
SWIR	$23,416,225	$23,905,427	$22,444,240	$25,366,615	Yes	$0	0.00%
MSIC	$10,799,199	$11,515,301	$11,279,665	$11,750,937	Yes	$0	0.00%
NWIC	$6,857,893	$6,725,707	$6,612,235	$6,839,178	No	$18,715	0.27%
PNIC	$5,189,466	$5,087,473	$4,510,242	$5,664,703	Yes	$101,993	1.97%
OEFL	$453,818	$456,997	$380,687	$533,307	No	$0	0.00%
OENV	$500,230	$458,639	$417,484	$499,794	No	$436	0.09%
OEIC	$1,130,600	$1,169,691	$1,112,352	$1,227,029	Yes	$0	0.00%
CDCA	$625,006	$603,275	$579,357	$627,192	No	$0	0.00%
CDNY	$443,624	$434,785	$420,624	$448,945	Yes	$8,839	1.99%
CDTX	$461,536	$448,577	$432,349	$464,805	Yes	$12,958	2.81%
CDVA	$649,616	$633,137	$606,557	$659,717	Yes	$16,479	2.54%
GICA	$7,085,328	$7,049,603	$6,797,651	$7,301,555	Yes	$35,725	0.50%
GIFL	$3,298,223	$3,376,174	$3,313,335	$3,439,013	Yes	$0	0.00%
GINW	$1,983,856	$1,991,996	$1,919,155	$2,064,837	No	$0	0.00%
GISO	$2,484,932	$2,587,081	$2,343,093	$2,831,069	No	$0	0.00%
GISW	$3,499,173	$3,509,729	$3,303,812	$3,715,645	Yes	$0	0.00%
GIMW	$6,437,924	$6,422,402	$6,217,403	$6,627,401	No	$0	0.00%
GIHI	$1,179,294	$1,191,478	$1,149,970	$1,232,985	No	$0	0.00%
LINE	$366,469	$376,745	$354,453	$399,038	No	$0	0.00%
RINY	$704,058	$657,660	$631,697	$683,624	No	$20,434	2.90%
SNCT	$3,487,010	$3,359,186	$3,206,450	$3,511,921	Yes	$127,824	3.67%
UIFL	$1,814,683	$1,773,428	$1,712,395	$1,834,461	Yes	$41,255	2.27%
UITN	$374,565	$376,133	$324,864	$427,402	No	$0	0.00%
UINC	$1,207,277	$1,183,537	$1,037,251	$1,329,822	No	$0	0.00%
UICH	$779,966	$765,448	$714,750	$816,147	Yes	$14,518	1.86%
UIPA	$488,808	$474,337	$441,300	$507,374	No	$0	0.00%
UITM	$455,120	$447,849	$412,720	$482,978	No	$0	0.00%
total	$220,966,494	$222,971,643	$219,827,891	$226,115,395	No	$0	0.00%
SUM OF OPCOs	$220,966,494	$222,849,539	$215,427,103	$230,271,976		$553,876	

NOTES: (1) TPIS data are from row 370, columns (A) through (J) on COS-3 in the 1988 TRP for 1984 and 1985 and from row 370, columns (A) through (M) on COS-2 for 1986 through the PYCOS period and for the test period.

(2) The 'total' row, columns (B), (C), and (D) are computed from a trend line regression of total TPIS. The 'SUM OF OPCOs' row, columns (B), (C), and (D) is the sum of the operating company data reported in this table.

(3) Disallowance column is TRP forecast minus trend line forecast if company fails its report card and exceeds the trend line forecast, TRP forecast minus upper bound if company passes its report card and the TRP forecast exceeds the upper bound, and is zero otherwise.

Unseparated Disallowances and
Access Category Disallowances for
Telephone Plant in Service (TPIS)

Operating Company	TRP PYCOS	TRP Forecast	Trend Line Forecast	Annualized Growth Rates: TRP Forecast Over TRP PYCOS	Annualized Growth Rates: Trend Forecast Over TRP PYCOS	Annualized Growth Rates Trend Line Forecast +/- one Standard Deviation: Lower Bound	Annualized Growth Rates Trend Line Forecast +/- one Standard Deviation: Upper Bound
	(H)	(I)	(J)	(K)	(L)	(M)	(N)
IBIL	$6,624,857	$7,177,221	$7,275,810	6.62%	7.79%	4.81%	10.75%
NBIN	$2,559,028	$2,585,329	$2,740,235	0.82%	5.63%	3.94%	7.31%
MBMI	$6,435,840	$6,907,655	$6,891,434	5.82%	5.62%	3.31%	7.92%
OBCH	$4,725,983	$4,638,842	$5,009,360	-1.48%	4.77%	3.93%	5.60%
WIWI	$2,400,598	$2,378,624	$2,564,475	-0.73%	5.42%	2.43%	8.40%
OPIC	$10,532,437	$11,333,797	$11,387,969	6.04%	6.45%	4.84%	8.05%
DSDE	$538,318	$593,204	$579,449	8.08%	6.07%	2.75%	9.36%
PAPA	$7,165,133	$7,908,565	$7,696,882	8.22%	5.89%	3.21%	8.56%
NJNJ	$6,836,688	$7,480,338	$7,351,608	7.46%	5.98%	5.30%	6.66%
SBIC	$17,456,459	$19,061,181	$18,871,920	7.29%	6.44%	5.10%	7.77%
SCIC	$13,215,993	$13,916,244	$14,065,327	4.22%	5.11%	4.12%	6.10%
NETC	$9,062,492	$9,828,910	$9,675,103	6.71%	5.37%	3.21%	7.52%
NYNY	$16,698,446	$17,695,868	$17,743,245	4.75%	4.97%	4.21%	5.74%
PITA	$21,937,241	$22,845,553	$23,585,878	3.30%	5.97%	2.13%	9.77%
PINV	$417,551	$441,265	$429,051	4.52%	2.20%	0.11%	4.28%
SWIR	$22,342,903	$23,416,225	$23,905,427	3.82%	5.56%	0.36%	10.69%
MSTC	$10,698,595	$10,799,199	$11,515,301	0.75%	6.06%	4.32%	7.79%
NWTC	$6,344,684	$6,857,893	$6,725,707	6.42%	4.78%	3.36%	6.19%
PNTC	$4,843,648	$5,189,466	$5,087,473	5.67%	4.01%	-5.55%	13.35%
CEFL	$412,160	$453,818	$456,997	8.01%	8.61%	-6.16%	22.89%
CENV	$464,720	$500,230	$458,639	6.07%	-1.05%	-8.22%	5.99%
CBIC	$1,098,136	$1,130,600	$1,169,691	2.36%	5.18%	1.03%	9.28%
COCA	$581,157	$625,006	$603,275	5.99%	3.03%	-0.25%	6.29%
CONY	$405,306	$443,624	$434,785	7.49%	5.78%	3.01%	8.52%
COIX	$416,053	$461,535	$448,577	8.65%	6.21%	3.12%	9.27%
COVA	$590,760	$649,616	$633,137	7.89%	5.70%	2.13%	9.23%
GICA	$6,536,989	$7,085,328	$7,049,603	6.66%	6.23%	3.18%	9.25%
GIFL	$3,120,901	$3,298,223	$3,376,174	4.52%	6.49%	4.90%	8.07%
GINW	$1,834,774	$1,983,856	$1,991,996	6.45%	6.80%	3.66%	9.91%
GISO	$2,283,594	$2,484,932	$2,587,081	6.99%	10.50%	2.08%	18.76%
GISW	$3,239,913	$3,499,173	$3,509,729	6.35%	6.61%	1.57%	11.58%
GIMW	$6,177,210	$6,437,924	$6,422,402	3.36%	3.16%	0.52%	5.79%
GIHI	$1,132,229	$1,179,294	$1,191,478	3.31%	4.16%	1.25%	7.06%
LINE	$359,352	$366,469	$376,745	1.58%	3.85%	-1.09%	8.74%
RINY	$628,558	$704,058	$657,660	9.50%	3.69%	0.40%	6.95%
SNCT	$3,130,314	$3,487,010	$3,359,186	9.02%	5.81%	1.94%	9.64%
UIFL	$1,639,032	$1,814,683	$1,773,428	8.49%	6.51%	3.57%	9.43%
UIIN	$349,177	$374,565	$376,133	5.78%	6.13%	-5.61%	17.55%
UINC	$1,137,090	$1,207,277	$1,183,537	4.91%	3.25%	-7.09%	13.34%
UICH	$744,351	$779,966	$765,448	3.81%	2.26%	-3.19%	7.64%
UIPA	$452,457	$488,808	$474,337	6.38%	3.85%	-1.96%	9.60%
UITM	$428,412	$455,120	$447,849	4.96%	3.61%	-2.94%	10.07%
total	$207,999,539	$220,966,494	$222,971,643	4.96%	5.72%	4.52%	6.91%
SUM OF OPCOs	$207,999,539	$220,966,494	$222,849,539	4.96%	5.67%	2.85%	8.48%

NOTES: (1) TPIS data are from row 370, columns (A) through (J) on COS-3 in the 1988 TRP for 1984 and 1985 and from row 370, columns (A) through (M) on COS-2 for 1986 through the PYCOS period and for the test period.

(2) The 'total' row, columns (B), (C), and (D) are computed from a trend line regression of total TPIS. The 'SUM OF OPCOs' row, columns (B), (C), and (D) is the sum of the operating company data reported in this table.

Unseparated Disallowances and Access Category Disallowances for Telephone Plant in Service (TPIS)

Operating Company	Total Unseparated TPIS Disallowance	Total Unseparated TPIS Forecast	Common Line TPIS Forecast	CL/TOT Ratio	TS-Switched TPIS Forecast	TS-SW/TOT Ratio	Special Access TPIS Forecast	SpAc/TOT Ratio
	(O)	(P)	(Q)	(R)	(S)	(T)	(U)	(V)
LBIL	$0	$7,177,221	$686,581	9.57%	$806,716	11.24%	$385,857	5.38%
NEIN	$0	$2,585,329	$279,836	10.82%	$274,180	10.61%	$114,852	4.44%
MEMI	$0	$6,907,655	$650,496	9.42%	$559,167	8.09%	$231,083	3.35%
OEOH	$0	$4,638,842	$423,006	9.12%	$450,747	9.72%	$219,405	4.73%
WIWI	$0	$2,378,624	$237,248	9.97%	$254,305	10.69%	$110,128	4.63%
OPIC	$0	$11,333,797	$1,409,240	12.43%	$1,068,348	9.43%	$520,026	4.59%
DSDE	$13,755	$593,204	$100,052	16.87%	$58,675	9.89%	$34,776	5.86%
PAPA	$0	$7,908,565	$918,944	11.62%	$619,362	7.83%	$369,824	4.68%
NONU	$128,730	$7,480,338	$980,908	13.11%	$790,037	10.56%	$389,229	5.20%
SEIC	$0	$19,061,181	$3,085,148	16.19%	$1,564,448	8.21%	$793,737	4.16%
SCIC	$0	$13,916,244	$1,799,199	12.93%	$1,116,984	8.03%	$430,277	3.09%
NEIC	$0	$9,828,910	$1,183,968	12.05%	$1,309,369	13.32%	$360,561	3.67%
NANY	$0	$17,695,868	$2,042,821	11.54%	$2,302,708	13.01%	$840,402	4.75%
PICA	$0	$22,845,553	$2,655,540	11.62%	$1,683,266	7.37%	$620,321	2.72%
PINJ	$12,214	$441,265	$110,973	25.15%	$60,944	13.81%	$13,839	3.14%
SWIR	$0	$23,405,296	$3,022,776	12.91%	$2,067,303	8.83%	$950,094	4.06%
MSIC	$0	$10,799,199	$1,702,230	15.76%	$1,560,144	14.45%	$412,700	3.82%
NWIC	$18,715	$6,857,893	$878,589	12.81%	$960,682	14.01%	$275,710	4.02%
PNIC	$101,993	$5,189,466	$721,623	13.91%	$581,175	11.20%	$142,227	2.74%
OEFL	$0	$453,819	$70,221	15.47%	$47,135	10.39%	$9,537	2.10%
OENV	$436	$500,230	$105,454	21.08%	$89,925	17.96%	$11,816	2.36%
OEIC	$0	$1,130,600	$107,383	9.50%	$78,991	6.99%	$51,300	4.54%
CCCA	$0	$625,006	$83,189	13.31%	$44,804	7.17%	$7,807	1.25%
CONY	$8,839	$443,624	$58,060	13.09%	$36,618	8.25%	$4,875	1.10%
CDIX	$12,958	$461,536	$65,329	14.15%	$25,425	5.51%	$2,913	0.63%
CCVA	$16,479	$649,616	$91,025	14.01%	$68,712	10.58%	$13,422	2.07%
GICA	$35,725	$7,085,328	$840,184	11.86%	$519,872	7.34%	$123,610	1.74%
GIFL	$0	$3,298,223	$595,331	18.05%	$335,593	10.17%	$73,119	2.22%
GINW	$0	$1,983,856	$294,656	14.85%	$244,674	12.33%	$47,681	2.40%
GISO	$0	$2,484,932	$329,963	13.28%	$256,879	10.34%	$80,043	3.22%
GISW	$0	$3,499,173	$459,754	13.14%	$293,753	8.39%	$51,699	1.48%
GIMW	$0	$6,437,924	$767,241	11.92%	$626,340	9.73%	$108,578	1.69%
GIHI	$0	$1,179,294	$129,831	11.01%	$164,033	13.91%	$29,657	2.51%
LINE	$0	$366,469	$43,033	11.74%	$46,617	12.72%	$10,440	2.85%
RINY	$20,434	$704,058	$73,547	10.45%	$56,987	8.09%	$29,977	4.26%
SNCT	$127,824	$3,487,010	$412,585	11.83%	$423,885	12.16%	$132,135	3.79%
UIFL	$41,255	$1,814,682	$370,572	20.42%	$213,959	11.79%	$24,852	1.37%
UITN	$0	$374,564	$56,633	15.12%	$32,957	8.80%	$10,156	2.71%
UINC	$0	$1,207,277	$156,626	12.97%	$128,890	10.68%	$30,145	2.50%
UICH	$14,518	$779,967	$81,012	10.39%	$78,474	10.06%	$23,728	3.04%
UIPA	$0	$488,809	$62,072	12.70%	$36,559	7.48%	$8,997	1.84%
UITM	$0	$455,118	$58,804	12.92%	$34,812	7.65%	$12,438	2.73%
total	$0			12.76%		9.95%		3.67%
SUM OF OPCOs	$553,876	$220,955,565	$28,201,683	12.76%	$21,974,454	9.95%	$8,113,973	3.67%

NOTES: (1) The Total Unseparated, Common Line, TS-Switched, and Special Access TPIS forecasts are from row 450, columns (E), (L), (Q), and (R) on COS-1(P) in the 1989 TRP.

(2) The 'total' row, column (A) is computed from the trend line regression of total TPIS. The 'SUM OF COSAs row, column (A) is the sum of the holding company data reported in this table.

Unseparated Disallowances and
Access Category Disallowances for
Telephone Plant in Service (TPIS)

Operating Company	Common Line TPIS Disallowance	TS-Switched TPIS Disallowance	Special Access TPIS Disallowance	Revenue Requirement Effect of Common Line TPIS Disallowance	Revenue Requirement Effect of TS-Switched TPIS Disallowance	Revenue Requirement Effect of Special Access TPIS Disallowance	Revenue Requirement Effect of Interstate TPIS Disallowances
	(W)	(X)	(Y)	(Z)	(AA)	(AB)	(AC)
LBIL	$0	$0	$0	$0	$0	$0	$0
NBIN	$0	$0	$0	$0	$0	$0	$0
MEMI	$0	$0	$0	$0	$0	$0	$0
OEOH	$0	$0	$0	$0	$0	$0	$0
WIWI	$0	$0	$0	$0	$0	$0	$0
OPIC	$0	$0	$0	$0	$0	$0	$0
DSIE	$2,320	$1,360	$806	$422	$247	$147	$816
PAPA	$0	$0	$0	$0	$0	$0	$0
NJNJ	$16,881	$13,596	$6,698	$3,069	$2,472	$1,218	$6,759
SBIC	$0	$0	$0	$0	$0	$0	$0
SCIC	$0	$0	$0	$0	$0	$0	$0
NEIC	$0	$0	$0	$0	$0	$0	$0
NYNY	$0	$0	$0	$0	$0	$0	$0
PICA	$0	$0	$0	$0	$0	$0	$0
PINW	$3,072	$1,687	$383	$558	$307	$70	$936
SWIR	$0	$0	$0	$0	$0	$0	$0
MSIC	$0	$0	$0	$0	$0	$0	$0
NWIC	$2,398	$2,622	$752	$436	$477	$137	$1,049
PNIC	$14,183	$11,422	$2,795	$2,579	$2,077	$508	$5,164
OEFL	$0	$0	$0	$0	$0	$0	$0
OENV	$92	$78	$10	$17	$14	$2	$33
OEIC	$0	$0	$0	$0	$0	$0	$0
CCCA	$0	$0	$0	$0	$0	$0	$0
CCNV	$1,157	$730	$97	$210	$133	$18	$361
CCIX	$1,834	$714	$82	$333	$130	$15	$478
CCVA	$2,309	$1,743	$340	$420	$317	$62	$799
GICA	$4,236	$2,621	$623	$770	$477	$113	$1,360
GIFL	$0	$0	$0	$0	$0	$0	$0
GINW	$0	$0	$0	$0	$0	$0	$0
GISO	$0	$0	$0	$0	$0	$0	$0
GISW	$0	$0	$0	$0	$0	$0	$0
GIMW	$0	$0	$0	$0	$0	$0	$0
GIHI	$0	$0	$0	$0	$0	$0	$0
LINE	$0	$0	$0	$0	$0	$0	$0
RINY	$2,135	$1,654	$870	$388	$301	$158	$847
SNCT	$15,124	$15,538	$4,844	$2,750	$2,825	$881	$6,456
UIFL	$8,425	$4,864	$565	$1,532	$884	$103	$2,519
UITN	$0	$0	$0	$0	$0	$0	$0
UINC	$0	$0	$0	$0	$0	$0	$0
UICH	$1,508	$1,461	$442	$274	$266	$80	$620
UIPA	$0	$0	$0	$0	$0	$0	$0
UITM	$0	$0	$0	$0	$0	$0	$0
total	$0	$0	$0	$0	$0	$0	$0
SUM OF OPCOs	$75,672	$60,091	$19,309	$13,759	$10,926	$3,511	$28,195

NOTES: (1) Columns L, M, and N are computed by multiplying columns I, J, and K, respectively, by the factor .12*(1+(.34/(1-.34))).

(2) The 'total' row is computed from the trend line regression of total TPIS. The 'SUM OF OPCOs' row is the sum of the operating company data reported in this table. Numbers may not add due to rounding.

The trend regression for Telephone Plant in Service is:

TPIS = a + b1*Time + b2*USOA

where

Time = a time trend, 1,2,3,... which starts in Q1/84 and increases to 24 in Q4/89;

USOA = a dummy variable for the introduction of the Part 32 Rules, which takes the value 0 before Q1/88 and the value 1 from Q1/88 forward;

The (annualized) forecast for the test period from this trend regression is thus:

TPIS = (4/3) * ((3*a) + (69*b1) + (3*b2))

or

TPIS = (4*a) + (92*b1) + (4*b2)

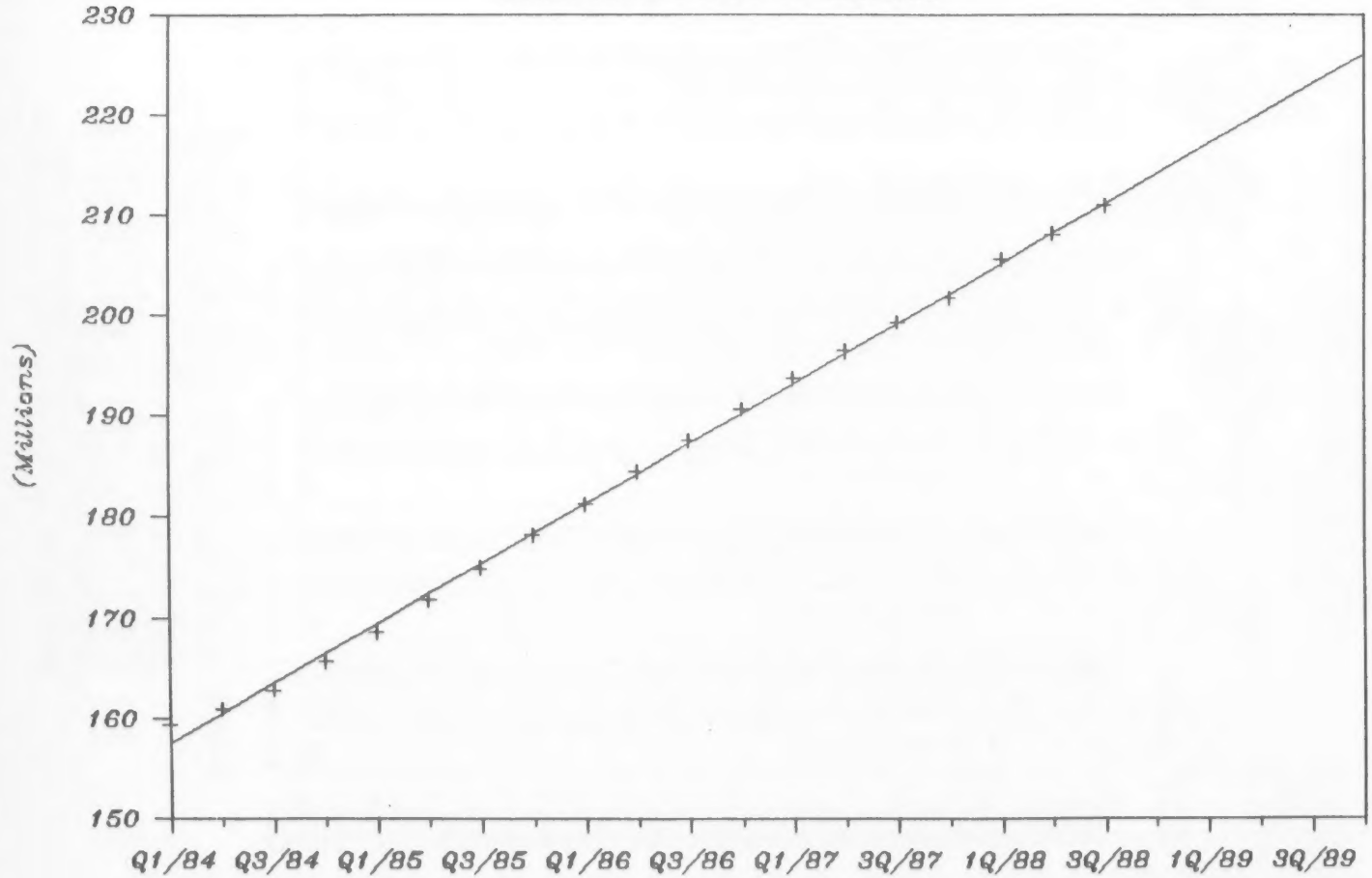
The variance of this forecast is

var(TPIS) = 16*(var(a)+ var(b2)) + ((92^2)*var(b1)) +

((4*92)*(cov(a,b1) + cov(b1,b2)) + (16*cov(a,b2))

TIER 1 TOTAL UNSEPARATED

TELEPHONE PLANT IN SERVICE



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Unseparated Disallowances and Access Category Disallowances for Expenses Less Depreciation (ELD)

Operating Company	TRP Forecast	Trend Line Forecast	Trend Line Forecast +/- one Standard Deviation		TRP Forecast Greater Than Upper Bound ?	If col. (E) is 'Yes', Amount By Which TRP Forecast Exceeds Upper Bound	Percent By Which TRP Forecast Exceeds Trend Forecast
			Lower Bound	Upper Bound			
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
LBIL	$1,515,230	$1,315,584	$1,190,389	$1,440,780	Yes	$74,450	4.91%
NBIN	$514,009	$482,419	$467,024	$497,814	Yes	$16,195	3.15%
MEMI	$1,311,648	$1,286,044	$1,254,803	$1,317,286	No	$0	0.00%
OHOH	$922,774	$864,876	$806,131	$923,620	No	$0	0.00%
WIWI	$519,979	$478,238	$457,677	$498,800	Yes	$21,179	4.07%
CPIC	$2,216,822	$2,075,886	$2,021,272	$2,130,500	Yes	$86,322	3.89%
DSDE	$104,655	$103,402	$99,834	$106,969	No	$0	0.00%
PAPA	$1,383,971	$1,379,102	$1,311,238	$1,446,967	No	$0	0.00%
NJNJ	$1,528,166	$1,428,976	$1,369,732	$1,488,219	Yes	$39,947	2.61%
SBIC	$3,398,146	$3,398,654	$3,295,267	$3,502,041	No	$0	0.00%
SCIC	$2,364,831	$2,276,762	$2,204,735	$2,348,790	Yes	$16,041	0.68%
NEIC	$2,045,069	$1,947,744	$1,893,606	$2,001,881	Yes	$43,188	2.11%
NYNY	$4,084,549	$4,008,447	$3,909,694	$4,107,199	No	$0	0.00%
PICA	$4,059,570	$3,960,782	$3,712,063	$4,209,502	No	$0	0.00%
PINV	$83,846	$73,688	$63,413	$83,963	No	$0	0.00%
SWIR	$3,364,186	$3,187,727	$3,062,362	$3,313,091	Yes	$51,095	1.52%
MSIC	$1,817,403	$1,761,678	$1,675,916	$1,847,441	No	$0	0.00%
NWIC	$993,947	$1,005,088	$923,241	$1,086,934	No	$0	0.00%
RNIC	$885,110	$855,795	$814,097	$897,494	No	$0	0.00%
OEFL	$72,901	$75,943	$69,705	$82,181	No	$0	0.00%
OENV	$95,703	$94,766	$89,442	$100,089	No	$0	0.00%
OEIC	$241,597	$219,570	$203,246	$235,895	Yes	$5,702	2.36%
COCA	$137,722	$124,765	$119,833	$129,696	Yes	$8,026	5.83%
CONY	$86,624	$89,286	$84,875	$93,697	No	$0	0.00%
COIX	$80,728	$79,464	$75,625	$83,304	No	$0	0.00%
COVA	$145,863	$133,263	$125,857	$140,670	Yes	$5,193	3.56%
GICA	$1,251,244	$1,351,182	$1,285,120	$1,417,243	No	$0	0.00%
GIFL	$570,768	$587,504	$566,228	$608,780	No	$0	0.00%
GINW	$273,105	$292,169	$271,156	$313,181	No	$0	0.00%
GISO	$405,591	$428,351	$388,220	$468,482	No	$0	0.00%
GISW	$520,303	$563,220	$498,184	$628,256	No	$0	0.00%
GIMW	$1,008,831	$1,002,377	$872,536	$1,132,218	No	$0	0.00%
GIHI	$164,296	$150,275	$126,761	$173,790	No	$0	0.00%
LINE	$58,888	$99,058	($268,008)	$466,123	No	$0	0.00%
RINY	$125,026	$111,458	$107,708	$115,208	Yes	$9,818	7.85%
SNCT	$746,275	$768,339	$741,018	$795,659	No	$0	0.00%
UIFL	$295,042	$294,143	$280,852	$307,434	No	$0	0.00%
UITN	$60,829	$57,485	$55,335	$59,636	Yes	$1,193	1.96%
UINC	$215,666	$205,361	$193,489	$217,234	No	$0	0.00%
UIOH	$135,968	$130,719	$126,447	$134,991	Yes	$977	0.72%
UIPA	$72,192	$70,786	$64,961	$76,611	No	$0	0.00%
UITM	$70,136	$73,425	$68,447	$78,402	No	$0	0.00%
total	$39,949,209	$38,940,786	$38,182,875	$39,698,696	Yes	$250,513	0.63%
SUM OF OPCOs	$39,949,209	$38,893,801	$36,679,532	$41,108,070			

NOTES: (1) ELD data are from row 310, columns (A) through (J) on COS-3 in the 1988 TRP for 1984 and 1985 and from row 310, columns (A) through (M) on COS-2 for 1986 through the PYCOS period and for the test period.
(2) Data for the PYCOS period are adjusted to remove access expense, as reported in COS-1(H), col D, row 220. Data for Rochester were not adjusted because Rochester's access expenses were not settlements.
(3) Data for the test period are adjusted to remove access expense, as reported in COS-1(P), col E, row 220.

Unseparated Disallowances and Access Category Disallowances for Expenses Less Depreciation (ELD)

Operating Company	TRP PYCOS	TRP Forecast	Trend Line Forecast	Annualized Growth Rates: TRP Forecast Over TRP PYCOS	Annualized Growth Rates: Trend Forecast Over TRP PYCOS	Annualized Growth Rates Trend Line Forecast +/- one Standard Deviation: Lower Bound	Annualized Growth Rates Trend Line Forecast +/- one Standard Deviation: Upper Bound
	(H)	(I)	(J)	(K)	(L)	(M)	(N)
IBTL	$1,393,386	$1,515,230	$1,315,584	6.94%	-4.49%	-11.84%	2.71%
NBTN	$470,472	$514,009	$482,419	7.34%	2.03%	-0.59%	4.62%
MBMI	$1,229,530	$1,311,648	$1,286,044	5.31%	3.66%	1.64%	5.67%
OBOH	$861,497	$922,774	$864,876	5.65%	0.31%	-5.18%	5.73%
WIWI	$459,667	$519,979	$478,238	10.37%	3.22%	-0.35%	6.75%
OPTC	$1,983,271	$2,216,822	$2,075,886	9.31%	3.72%	1.53%	5.90%
DSDE	$97,986	$104,655	$103,402	5.41%	4.40%	1.51%	7.27%
PAPA	$1,302,575	$1,383,971	$1,379,102	4.97%	4.67%	0.53%	8.77%
NJNJ	$1,370,957	$1,528,166	$1,428,976	9.07%	3.37%	-0.07%	6.79%
SBTC	$3,191,924	$3,398,146	$3,398,654	5.14%	5.15%	2.58%	7.70%
SCTC	$2,164,970	$2,364,831	$2,276,762	7.32%	4.11%	1.47%	6.74%
NETC	$1,859,526	$2,045,069	$1,947,744	7.91%	3.78%	1.46%	6.08%
NYNY	$3,867,011	$4,084,549	$4,008,447	4.48%	2.92%	0.88%	4.94%
PTCA	$4,138,209	$4,059,570	$3,960,782	-1.52%	-3.44%	-8.33%	1.36%
PINV	$76,844	$83,846	$73,688	7.23%	-3.30%	-14.25%	7.35%
SWTR	$3,218,768	$3,364,186	$3,187,727	3.60%	-0.77%	-3.91%	2.34%
MSTC	$1,806,406	$1,817,403	$1,761,678	0.49%	-1.99%	-5.82%	1.81%
NWTC	$1,029,371	$993,947	$1,005,088	-2.76%	-1.89%	-8.34%	4.45%
PNTC	$875,626	$885,110	$855,795	0.87%	-1.82%	-5.66%	1.99%
OEFL	$68,796	$72,901	$75,943	4.75%	8.23%	1.06%	15.28%
CENV	$92,371	$95,703	$94,766	2.88%	2.07%	-2.54%	6.63%
CBTC	$215,777	$241,597	$219,570	9.46%	1.40%	-4.67%	7.39%
CDCA	$122,139	$137,722	$124,765	10.08%	1.72%	-1.51%	4.92%
CONY	$78,269	$86,624	$89,286	8.45%	11.11%	6.70%	15.48%
CDTX	$71,439	$80,728	$79,464	10.27%	8.89%	4.66%	13.06%
CDVA	$118,751	$145,863	$133,263	17.88%	9.66%	4.76%	14.51%
GTCA	$1,261,969	$1,251,244	$1,351,182	-0.68%	5.62%	1.46%	9.73%
GTFL	$548,375	$570,768	$587,504	3.25%	5.67%	2.60%	8.72%
GTNW	$276,475	$273,105	$292,169	-0.98%	4.52%	-1.54%	10.49%
GTSO	$395,124	$405,591	$428,351	2.11%	6.67%	-1.40%	14.60%
GTSW	$528,462	$520,303	$563,220	-1.24%	5.23%	-4.61%	14.84%
GTMW	$962,246	$1,008,831	$1,002,377	3.85%	3.32%	-7.53%	13.90%
GTHI	$159,452	$164,296	$150,275	2.42%	-4.63%	-16.77%	7.13%
LTNE	$58,973	$58,888	$99,058	-0.12%	51.42%	ERR	422.73%
RTNY	$109,081	$125,026	$111,458	11.53%	1.74%	-1.01%	4.47%
SNCT	$709,286	$746,275	$768,339	4.15%	6.61%	3.56%	9.63%
UTFL	$268,449	$295,042	$294,143	7.85%	7.59%	3.68%	11.46%
UTTN	$52,823	$60,829	$57,485	11.95%	7.00%	3.79%	10.19%
UTNC	$195,777	$215,666	$206,361	8.05%	3.90%	-0.94%	8.68%
UTOH	$124,253	$135,968	$130,719	7.47%	4.14%	1.41%	6.86%
UTPA	$67,377	$72,192	$70,786	5.68%	4.03%	-2.88%	10.82%
UTTM	$67,010	$70,136	$73,425	3.71%	7.59%	1.71%	13.36%
total	$37,950,538	$39,949,209	$38,940,786	4.19%	2.08%	0.49%	3.67%
SUM OF OPCOs	$37,950,670	$39,949,209	$38,893,801	4.19%	1.98%	-2.69%	6.60%

NOTES: (1) ELD data are from row 310, columns (A) through (J) on COS-3 in the 1988 TRP for 1984 and 1985 and from row 310, columns (A) through (M) on COS-2 for 1986 through the PYCOS period and for the test period.
(2) Data for the PYCOS period are adjusted to remove access expense, as reported in COS-1(H), col D, row 220. Data for Rochester were not adjusted because Rochester's access expenses were not settlements.
(3) Data for the test period are adjusted to remove access expense, as reported in COS-1(P), col D, row 220.

Unseparated Disallowances and
Access Category Disallowances for
Expenses Less Depreciation (ELD)

Operating Company	Total Unseparated ELD Disallowance	Total Unseparated ELD Forecast	Common Line ELD Forecast	CL/TOT Ratio	TS-Switched ELD Forecast	TS-SW/TOT Ratio	Special Access ELD Forecast	Spec/T Ratio
	(O)	(P)	(Q)	(R)	(S)	(T)	(U)	(V)
LBIL	$74,450	$1,507,726	$141,428	9.38%	$141,243	9.37%	$73,731	4.8
NBIN	$16,195	$514,009	$47,600	9.26%	$47,969	9.33%	$20,067	3.9
MBMI	$0	$1,370,148	$101,453	7.40%	$87,315	6.37%	$41,850	3.0
OHOH	$0	$989,016	$78,663	7.95%	$84,047	8.50%	$36,630	3.7
WIWI	$21,179	$519,979	$41,860	8.05%	$51,034	9.81%	$21,133	4.0
OPTC	$86,322	$2,222,558	$231,006	10.39%	$200,683	9.03%	$85,585	3.8
DSDE	$0	$104,788	$13,861	13.23%	$9,898	9.45%	$4,843	4.6
PAPA	$0	$1,430,855	$125,470	8.77%	$105,155	7.35%	$49,867	3.4
NJNJ	$39,947	$1,544,686	$166,485	10.78%	$147,351	9.54%	$65,025	4.2
SBIC	$0	$3,422,632	$435,604	12.73%	$249,096	7.28%	$129,610	3.7
SCIC	$16,041	$2,364,831	$248,315	10.50%	$172,102	7.28%	$71,672	3.0
NEIC	$43,188	$2,045,068	$201,707	9.86%	$237,516	11.61%	$65,891	3.2
NYNY	$0	$4,084,549	$421,270	10.31%	$441,545	10.81%	$176,831	4.3
PICA	$0	$4,099,570	$373,150	9.10%	$252,773	6.17%	$95,746	2.3
PINV	$0	$88,610	$15,685	17.70%	$12,971	14.64%	$2,524	2.8
SWIR	$51,095	$3,482,370	$377,248	10.83%	$245,200	7.04%	$125,148	3.5
MSTC	$0	$1,873,281	$230,655	12.31%	$238,957	12.76%	$62,480	3.3
NWTC	$0	$1,144,445	$96,583	8.44%	$125,530	10.97%	$35,285	3.0
PNTC	$0	$1,085,695	$87,009	8.01%	$79,776	7.35%	$21,055	1.9
OEFL	$0	$76,160	$8,107	10.64%	$6,216	8.16%	$1,363	1.7
OENV	$0	$96,305	$12,397	12.87%	$11,997	12.46%	$1,498	1.5
OBIC	$5,702	$241,597	$18,577	7.69%	$16,511	6.83%	$8,648	3.5
CCCA	$8,026	$137,722	$11,982	8.70%	$7,487	5.44%	$1,225	0.8
CONV	$0	$86,624	$7,788	8.99%	$5,882	6.79%	$743	0.8
COIX	$0	$80,728	$7,984	9.89%	$3,842	4.76%	$458	0.5
COVA	$5,193	$145,863	$14,684	10.07%	$11,008	7.55%	$2,532	1.7
GICA	$0	$1,251,244	$122,111	9.76%	$86,986	6.95%	$21,876	1.7
GIFL	$0	$570,768	$89,918	15.75%	$55,755	9.77%	$15,609	2.7
GINW	$0	$273,207	$31,701	11.60%	$29,858	10.93%	$5,893	2.1
GISO	$0	$405,591	$47,657	11.75%	$42,134	10.39%	$12,596	3.1
GISW	$0	$520,303	$55,811	10.73%	$41,727	8.02%	$7,441	1.4
GIMW	$0	$1,089,798	$97,007	8.90%	$95,071	8.72%	$19,915	1.8
GIHI	$0	$164,309	$14,694	8.94%	$21,561	13.12%	$4,935	3.0
LINE	$0	$58,887	$3,881	6.59%	$5,631	9.56%	$1,667	2.8
RINY	$9,818	$125,026	$8,959	7.17%	$6,169	4.93%	$3,493	2.7
SNCT	$0	$746,275	$69,478	9.31%	$76,823	10.29%	$23,976	3.2
UIFL	$0	$303,793	$50,129	16.50%	$29,313	9.65%	$3,624	1.1
UITN	$1,193	$60,828	$7,460	12.26%	$5,055	8.31%	$1,629	2.6
UINC	$0	$215,669	$27,578	12.79%	$15,816	7.33%	$4,755	2.2
UICH	$977	$144,570	$12,818	8.87%	$11,338	7.84%	$3,865	2.6
UIPA	$0	$83,739	$7,714	9.21%	$4,716	5.63%	$1,185	1.4
UITM	$0	$70,137	$7,627	10.87%	$4,298	6.13%	$1,863	2.6
total	$250,513			10.21%		8.63%		3.7
SUM OF OPCOs	$379,328	$40,843,959	$4,171,114	10.21%	$3,525,365	8.63%	$1,335,762	3.7

NOTES: (1) The Total Unseparated, Common Line, TS-Switched, and Special Access ELD Forecasts are from row 270, columns (E), (L), (Q), and (R) on COS-1(P) in the 1989 TRP.
(2) The 'total' row, column (A) is computed from the trend line regression of total ELD. The 'SUM OF OPCOs' row is the sum of the operating company data reported in this table. Totals may not add due to rounding.

Expenses Less Depreciation

Operating Company	Common Line ELD Disallowance	TS-Switched ELD Disallowance	Special Access ELD Disallowance	Total Interstate ELD Disallowances
	(W)	(X)	(Y)	(Z)
IBIL	$6,984	$6,974	$3,641	$17,599
NBIN	$1,500	$1,511	$632	$3,643
MBMI	$0	$0	$0	$0
OHCH	$0	$0	$0	$0
WIWI	$1,705	$2,079	$861	$4,644
OPTC	$8,972	$7,794	$3,324	$20,090
DSDE	$0	$0	$0	$0
PAPA	$0	$0	$0	$0
NJNJ	$4,305	$3,811	$1,682	$9,798
SBTC	$0	$0	$0	$0
SCTC	$1,684	$1,167	$486	$3,338
NETC	$4,260	$5,016	$1,391	$10,667
NYNY	$0	$0	$0	$0
PTCA	$0	$0	$0	$0
PTNV	$0	$0	$0	$0
SWBT	$5,535	$3,598	$1,836	$10,969
MSTC	$0	$0	$0	$0
NWTC	$0	$0	$0	$0
PNTC	$0	$0	$0	$0
CETL	$0	$0	$0	$0
CENV	$0	$0	$0	$0
CBTC	$438	$390	$204	$1,032
CCCA	$698	$436	$71	$1,206
CCNY	$0	$0	$0	$0
CCIX	$0	$0	$0	$0
CCVA	$523	$392	$90	$1,005
GTCA	$0	$0	$0	$0
GTFL	$0	$0	$0	$0
GTNW	$0	$0	$0	$0
GTSO	$0	$0	$0	$0
GTSW	$0	$0	$0	$0
GTMW	$0	$0	$0	$0
GTHI	$0	$0	$0	$0
LTNE	$0	$0	$0	$0
RTNY	$704	$484	$274	$1,462
SNCT	$0	$0	$0	$0
UTFL	$0	$0	$0	$0
UTTN	$146	$99	$32	$277
UTNC	$0	$0	$0	$0
UTOH	$87	$77	$26	$189
UTPA	$0	$0	$0	$0
UTTM	$0	$0	$0	$0
total	$38,738	$32,741	$12,406	$83,885
SUM OF OPCOs	$37,541	$33,829	$14,551	$85,921

NOTES: (1) The 'total' row is computed from the trend line regression of total ELD. The 'SUM OF OPCOs' row is the sum of the operating company data reported in this table. Numbers may not add due to rounding.

SETTLEMENT EXPENSES FOR ACTUAL AND PROJECTED PERIODS

		1984	1985	1986	1987	1988	Proj 1989
LBIL						$0	$0
NBIN						$0	$0
MBMI						$0	$58,500
OBOH						$67,111	$66,242
WTWI						$0	$0
CPTC						$5,611	$5,736
DSDE						$124	$133
PAPA						$45,892	$46,884
NJNJ						$14,715	$16,520
SBTC						$20,628	$24,607
SCTC						$0	$0
NETC						$0	$0
NYNY						$0	$0
PTCA						$41,324	$40,000
PTNV	*	$0	$0	$0	$3,284	$5,011	$4,764
SWTR						$65,617	$118,184
MSTC	*	$0	$1,205	$7,349	$29,970	$43,541	$55,878
NWTC	*	$0	$0	$63,756	$92,272	$107,960	$150,498
PNTR	*	$0	$0	$6,817	$5,710	$190,120	$200,585
CEFL	*	$0	$0	$0	$0	$2,748	$3,259
CENV	*	$0	$0	$0	$246	$336	$603
CBTC						$0	$0
COCA						$0	$0
CONY						$0	$0
COTX						$0	$0
COVA						$0	$0
GTCA						$0	$0
GTFL						$0	$0
GTNW						$216	$102
GTSO						$3	$0
GTSW						$0	$0
GTMW						$29,512	$80,967
GTHI						$1	$13
LTNE						$0	$0
RTNY						$132	$0
SNCT						$0	$0
UTFL						$8,380	$8,750
UTIN						$0	$0
UTNC						$0	$0
UTOH						$8,254	$8,601
UTPA						$10,159	$11,548
UTIM						$0	$0
Total						$667,395	$902,374

Sources: SOCC Books from 1984 - 1988 (Form M);
1989 TRP Chart COS-1(H); and USTA Task Force

Note: USTA Task Force informed FCC that although GTE-North, GTE-Hawaii and and United- PA had 1987 expenses in Accts. 657 and 658, these amounts were not included in COS-2 ELD time series data.

The trend regression for Expenses Less Depreciation is:

ELD = a + b1*Time + b2*USOA + b3*Q1 + b4*Q2 + b5*Q3

where

Time = a time trend, 1,2,3,... which starts in Q1/84 and increases to 24 in Q4/89;

USOA = a dummy variable for the introduction of the Part 32 Rules, which takes the value 0 before Q1/88 and the value 1 from Q1/88 forward;

Q1 = a seasonal dummy variable, which takes the value 1 in the first quarter of each year and 0 in the other quarters;

Q2 = a seasonal dummy variable, which takes the value 1 in the second quarter of each year and 0 in the other quarters;

Q3 = a seasonal dummy variable, which takes the value 1 in the third quarter of each year and 0 in the other quarters.

The (annualized) forecast for the test period from this trend regression is thus:

ELD = (4/3) * ((3*a) + (69*b1) + (3*b2) + b4 + b5)

or

ELD = (4*a) + (92*b1) + (4*b2) + ((4/3)*b4) + ((4/3)*b5)

The variance of this forecast is

var(ELD) = 16*(var(a)+ var(b2)) + ((92^2)*var(b1)) +

(((4/3)^2)*(var(b4) + var(b5))) +

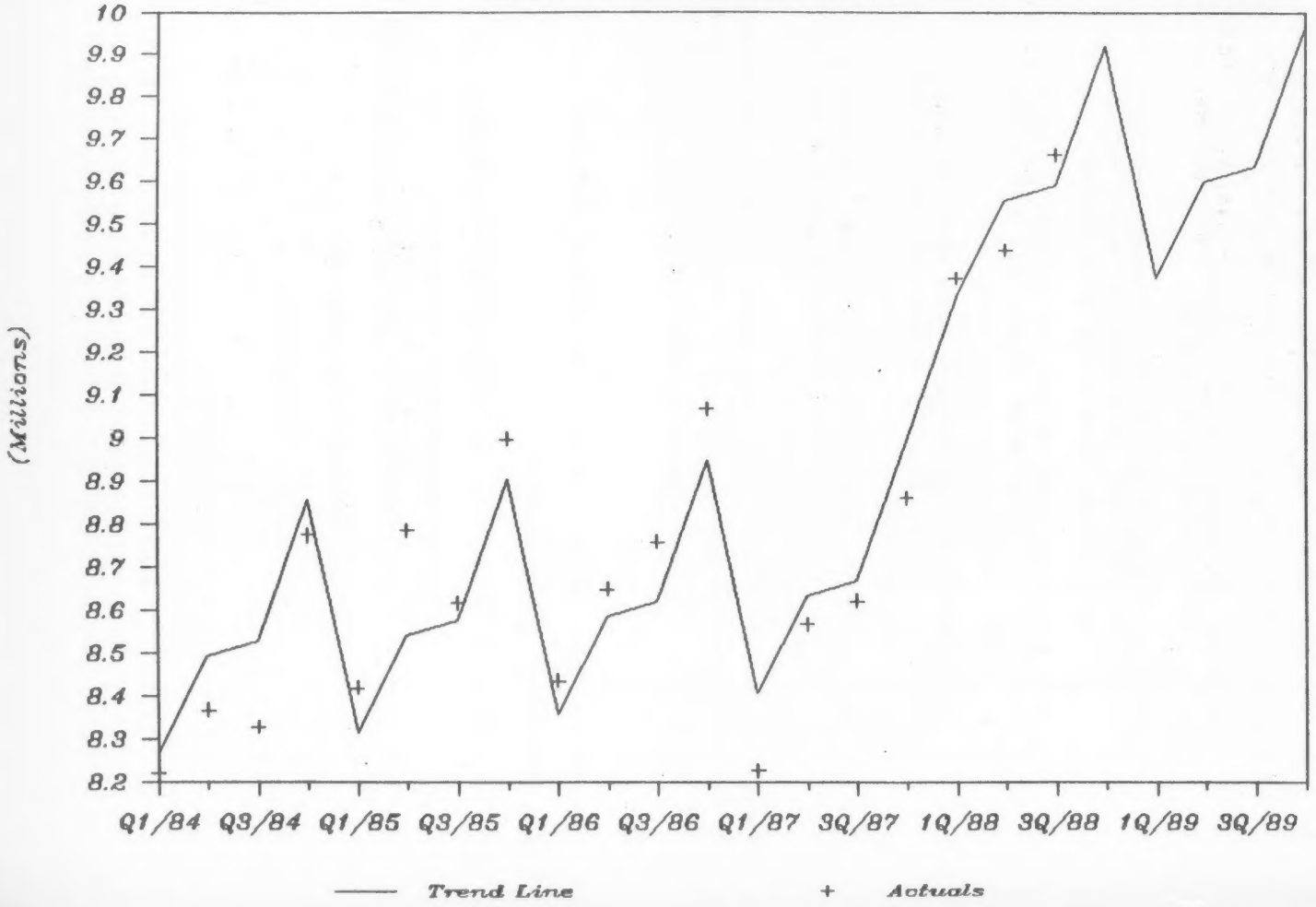
((4*92)*(cov(a,b1) + cov(b1,b2)) + (16*cov(a,b2)) +

(4*(4/3)*(cov(a,b4) + cov(a,b5) +

cov(b2,b4) + cov(b2,b5))

TIER 1 TOTAL UNSEPARATED

EXPENSES LESS DEPRECIATION



The first section of this workpaper explains the calculation of the weighted means and standard errors for percentage change, change in cost per million minutes of use (MMOU) and change in cost per access line. The second section of this workpaper explains the statistical comparison of weighted means for the 22 Chart COS-8 cost categories used in the cross sectional analysis.

I. Calculation of weighted means and standard errors.

A. For percentage changes

The projected percent change for a cost element was calculated as follows:

$$\%\ \text{Change}(i,n) = [\ \text{Projected Cost}(i,n) / \text{Historic Cost}(i,n) - 1\ ]$$

where i = the cost category
n = the number of the study area from 1 to 96
Projected Cost(i,n) is the cost level for the test period
Historic Cost(i,n) is the annualized cost level for the historic (PYCOS) period

The weights for calculating the weighted averages were based on each study area's historic cost for the category, relative to the industry total for that category. The weighted mean % change for category i was calculated as follows:

$$\text{Mean}(i) = \sum_{n=1}^{96} [\ \%\ \text{Change}(i,n) * \frac{\text{Historic Cost}(i,n)}{\text{Industry Cost Total}(i)}\ ]$$

Where Industry Cost Total(i) is the sum of Historic Cost(i,n) for all study areas.

In a few instances, carriers submitted erroneous COS-8 data for some cost categories. In a few instances, carriers provided data that might be accurate, but appeared to be anomalous, and would not be representative for a cross sectional analysis. In such cases, The historic level of the cost category was treated as a 0 value, and excluded from the historic industry total for the cost category. The weight became 0 for that study area, for that cost category. As noted in Section I-C-1-D in the order, different presumptions of reasonableness were used to adjust forecasts for study areas where carriers provided invalid data.

The percentage increases by study area and weighted mean percentage increases were used to calculate weighted standard errors for each cost category. This calculation assumes that the mean represents the average for all sample areas, which is a reasonable assumption given that valid data was available for more than 90 sample areas for all 22 cost elements. The following formulas were used to make these calculations.

$$\text{Sum Variance} = [\%\ \text{Change}(i,n) - \text{Mean}(i)]^2 \times \frac{\text{Historic Cost}(i,n)}{\text{Industry Cost Total}(i)}$$

$$\text{Standard. error} = \sqrt{\text{Sum Variance}}$$

B. Calculation of Mean and Standard Errors for costs per MMOU and cost per access Line.

Million MOU (MMOU) and access lines were used as indicators of the relative size of the company. Dividing costs by these factors scales the costs to the relative size of the company, and makes cost categories more comparable for the LECs. The second test involves performing cross sectional analysis on the changes in cost per MMOU and cost per access line. MOUs for each study area were obtained from Chart DMD-1. (Prospective Total Traffic Sensative Minutes of Use, row 490, column C.) Access lines for each study area were obtained from the Chart DMD-2. (Prospective Switched Access Lines, Total Subscriber Lines Excluding WATS, Column A. The average of quarterly projections, rows 230, 240, 250, and 260, was used.)

Means and standard errors were calculated for dollar changes per MMOU for each category and for dollar changes per access line for each category. These calculations are similar to the calculation of means and standard errors for percentage changes, as described above. The difference is that the projected increase is not converted into a percentage, but rather is divided by the historic period MMOUs and access lines for the study area. Two sets of calculations were made. In the first, the % Change(i,n) was replaced with $/MMOU(i,n). In the second, the % Change(i,n) was replaced with $/Line(i,n). These terms were calculated as follows.

$/MMOU(i,n) = [Historic Cost(i,n) X [1 + % Change(i,n)]] / MMOU(n)

where MMOU(n) is the historic level of minutes (in millions) for study area n.

$/Line(i,n) = [Historic Cost(i,n) X [1 + % Change(i,n)]] / Line(n)

where Line(n) is the historic level of access lines for study area n

II. Statistical Comparison of Means

The underlying assumption of the cross sectional analysis is that LECS should project similar changes for individual cost categories because they face similar market conditions, technology, etc. Different types of costs may change in dissimilar ways because of changes in demand and technology, but LECs perform similar functions, have roughly comparable operations, and should anticipate roughly similar changes for particular cost categories. Changes for different cost categories, however, should frequently differ. A LECs forecast for one cost category should be more similar to other LECs forecasts for that cost category, than to forecasts of other types of cost. Thus, the underlying assumption implies that weighted means for many of the cost categories should differ by statistically significant amounts. This need not be true for all possible pairs of cost categories, since changes in some cost categories may be related, may be related to the same underlying change, or may coincidently change by similar amounts. Nonetheless, we would expect that the differences between some cost categories should be greater than the differences within the category.

The assumption that carriers have similar projections for the same cost categories was tested by statistically comparing weighted means for pairs of categories. Section I above describes the calculation of weighted means and standard errors for percentage changes, dollar changes per MOU, and dollar changes per access line. There are 462 possible pairs of categories (22 X 21). The statistical significance of the difference between two weighted means was tested as follows:

$$t = \frac{\text{Mean 1} - \text{Mean 2}}{\sqrt{\frac{v1+v2}{2} \times \frac{n1 + n2}{n1 \times n2}}}$$

where mean 1 = the weighted mean for one cost category
mean 2 = the weighted mean for a second cost category
v = the standard error squared (i.e. the sum variance shown in the calculation standard errors)
n = the number of estimates, which varied from 91 to 96, because some carriers had submitted invalid data.

Means are statistically different at the 95% confidence levels where the t statistic is greater than 1.986 or less than -1.986. The test was performed for weighted mean percent changes, and absolute changes per MOU and per access line. Weighted means for Line 81 - Total Tangible Assets, were significantly different from the weighted means of all other lines. Weighted means for all cost categories were significantly different from at least four other categories, and and were different from at least two thirds of the other cost categories using the three tests combined. This is strong support for our underlying assumption that carriers generally expect similar changes for the same cost categories. This implies that abnormally high estimates need special justification. The following table summarizes the results of the significance tests:

Comparison for:	Total instances of significant differences (max = 462)	Minimum instances for individual cost categories (max = 21)
Percentage changes	238	4
$/MOU	356	8
$/Line	360	8
significant by one or more test	384	14

A COSB ROW SEQ #	UNSEPARATED 1988 DOLLARS TO NEAREST THOUSAND MARCH 5, 1989 SOURCE COSB DATA			1 AM LBIL	2 AM NBIN	3 AM MBMI	4 AM OBOH	5 AM WTWI	6 BA CDDC	7 BA CMMD	8 BA CVVA	9 BA CWV
1	GSF		GSF	1,099,076	398,406	800,607	709,827	397,640	244,529	527,204	387,492	140,561
21	COE	CAT 2	TOTAL TANDEM SW EQPT	141,821	27,927	35,815	60,637	37,010	24,216	48,528	16,577	12,620
25	COE	CAT 3	TOTAL LOCAL SW EQPT	1,434,950	490,237	1,198,255	856,521	406,713	235,865	764,313	738,550	218,012
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	438,321	139,524	359,264	307,241	103,492	137,165	327,030	280,289	31,382
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	180,542	82,715	115,118	184,203	98,941	23,355	201,248	225,088	101,065
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	263,979	181,270	637,801	184,537	145,095	29,783	178,657	187,989	97,548
58	CWF		TOTAL EX LN CWF EX WDB	2,109,806	924,248	2,359,913	1,734,301	889,315	198,806	1,334,105	1,532,743	593,377
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	294,333	49,239	149,043	74,486	37,561	46,932	119,834	120,749	6,418
66	CWF	CAT 3	TOTAL IX CWF	132,267	55,390	109,898	52,778	35,968	1,273	38,040	32,372	12,311
81			TOTAL TANGIBLE ASSETS	50,050	8,263	47,603	51,176	11,112	17,407	53,116	35,596	4,332
87			TELCOM PLT UNDER CONS-SHT TERM	39,419	8,397	44,745	20,025	10,539	13,498	77,725	39,795	9,754
90			MATERIAL AND SUPPLIES	26,800	11,830	32,604	24,172	9,696	4,253	6,659	7,448	3,779
93			GENERAL SUPPORT EXP	131,021	47,482	160,595	82,182	55,025	23,249	64,306	55,296	17,796
94			CO EXP-CO SWITCHING EXP	109,079	31,072	75,079	57,297	28,225	30,275	68,651	45,161	16,210
96			COT EXP	37,433	11,199	34,180	21,265	12,686	5,256	20,668	20,791	5,196
101			CWF EXPENSES	180,383	62,353	168,782	105,228	38,827	13,656	97,687	97,868	40,363
105			TOTAL NETWK OP EXP	230,163	77,059	201,301	209,470	81,461	49,272	124,575	118,549	42,952
115	CUST OPER		MKG EXP	82,627	25,632	55,177	40,429	31,389	14,472	34,384	33,327	9,783
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	125,722	36,665	112,772	71,743	31,130	15,575	58,064	55,274	15,653
173	CUST SERV		TOTAL CUST SVC EXP	27,207	12,422	30,349	17,018	9,910	2,919	12,660	11,046	3,311
176			CORP OP EXP EXEC & PLAN EXP	11,612	7,861	12,799	13,615	7,090	-FCC	4,306	4,100	1,748
179			TOTAL GEN AND ADMIN EXP	285,508	101,029	225,170	180,360	102,841	48,050	143,249	158,055	55,525
			TOTAL DOLLARS	7,432,119	2,790,220	6,966,870	5,058,511	2,581,666	1,179,806	4,305,009	4,204,155	1,439,696

B COSB ROW SEQ #	PROSPECTIVE UNSEPARATED PERCENT CHANGE 1989			1 AM LBIL	2 AM NBIN	3 AM MBMI	4 AM OBOH	5 AM WTWI	6 BA CDDC	7 BA CMMD	8 BA CVVA	9 BA CWV
1	GSF		GSF	10.71%	9.64%	7.38%	8.95%	12.90%	20.27%	12.33%	10.94%	11.83%
21	COE	CAT 2	TOTAL TANDEM SW EQPT	3.98%	7.18%	2.79%	0.63%	4.63%	9.11%	23.60%	-26.88%	27.51%
25	COE	CAT 3	TOTAL LOCAL SW EQPT	9.09%	6.46%	6.83%	6.11%	8.77%	9.21%	7.80%	10.45%	-0.57%
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	14.14%	12.56%	11.13%	4.22%	21.90%	17.44%	9.59%	31.50%	63.81%
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	11.24%	65.65%	9.08%	4.70%	-5.86%	39.83%	42.48%	28.11%	-0.35%
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	-6.39%	-28.65%	7.92%	11.15%	-18.34%	4.26%	-23.96%	-38.24%	-20.72%
58	CWF		TOTAL EX LN CWF EX WDB	3.17%	5.93%	7.82%	-5.28%	1.01%	-10.56%	0.68%	2.74%	0.69%
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	22.19%	11.12%	2.22%	167.49%	79.74%	51.00%	81.39%	48.46%	64.27%
66	CWF	CAT 3	TOTAL IX CWF	27.72%	6.72%	5.20%	89.43%	39.41%	303.46%	53.96%	79.74%	118.98%
81			TOTAL TANGIBLE ASSETS	6.36%	6.29%	3.92%	0.81%	-1.75%	-6.10%	4.72%	7.06%	12.03%
87			TELCOM PLT UNDER CONS-SHT TERM	33.74%	189.47%	-11.85%	-3.48%	22.97%	-36.84%	-20.14%	-13.59%	34.18%
90			MATERIAL AND SUPPLIES	-0.18%	10.35%	54.41%	12.50%	1.05%	12.96%	11.04%	2.66%	30.59%
93			GENERAL SUPPORT EXP	13.71%	11.53%	7.03%	4.51%	10.47%	29.31%	4.75%	20.55%	6.84%
94			CO EXP-CO SWITCHING EXP	-4.82%	4.13%	7.39%	21.93%	16.11%	19.88%	16.83%	25.31%	35.57%
96			COT EXP	13.16%	5.63%	6.11%	16.97%	11.90%	46.08%	9.64%	14.43%	1.35%
101			CWF EXPENSES	9.57%	7.17%	2.06%	3.11%	18.64%	35.97%	15.47%	11.34%	3.50%
105			TOTAL NETWK OP EXP	13.33%	8.76%	31.22%	4.12%	7.34%	12.15%	13.67%	23.39%	25.04%
115	CUST OPER		MKG EXP	7.22%	13.03%	0.80%	12.96%	27.06%	16.62%	25.59%	6.84%	23.20%
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	9.75%	6.81%	0.88%	4.55%	13.59%	24.96%	3.52%	23.46%	12.40%
173	CUST SERV		TOTAL CUST SVC EXP	30.49%	1.43%	-1.08%	3.66%	12.56%	38.30%	9.04%	2.94%	24.19%
176			CORP OP EXP EXEC & PLAN EXP	-23.14%	18.80%	33.34%	9.53%	25.25%	FRR	5.02%	5.76%	17.22%
179			TOTAL GEN AND ADMIN EXP	5.01%	13.56%	19.87%	6.75%	14.97%	3.15%	5.03%	1.54%	7.45%

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A COSB ROW SEQ #	UNSEPARATED 1988 DOLLARS TO NEAREST THOUSAND MARCH 5, 1989 SOURCE COSB DATA			10 BA DSDE	11 BA PAPA	12 BA NJNJ	13 BS SBFL	14 BS SBGA	15 BS SBNC	16 BS SBSC	17 BS SCAL	18 BS SCKY
1	GSF		GSF	43,867	1,089,062	927,139	1,019,449	713,556	327,542	169,790	532,506	203,830
21	COE	CAT 2	TOTAL TANDEM SW EQPT	9	65,884	95,143	39,607	66,285	30,384	19,420	31,132	21,557
25	COE	CAT 3	TOTAL LOCAL SW EQPT	101,844	1,303,551	1,156,410	1,079,383	776,368	456,338	320,758	470,131	284,332
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	21,586	356,953	332,718	317,554	231,562	130,195	136,939	79,053	54,052
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	42,206	387,810	199,678	637,497	363,407	232,768	103,095	188,197	97,951
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	30,250	347,945	443,989	244,022	174,648	80,181	40,757	126,271	108,625
58	CWF		TOTAL EX LN CWF EX WDB	209,676	2,359,769	2,174,943	3,434,350	2,021,471	1,241,276	856,979	1,105,271	746,138
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	7,854	141,141	127,816	139,079	102,102	38,612	33,845	46,901	28,430
66	CWF	CAT 3	TOTAL IX CWF	6,467	132,496	172,847	125,569	96,823	37,690	27,635	40,468	45,468
81			TOTAL TANGIBLE ASSETS	896	33,286	119,667	35,248	29,276	35,921	4,158	10,249	6,081
87			TELCOM PLT UNDER CONS-SHT TERM	2,375	90,567	43,596	75,767	49,735	29,416	14,796	28,805	15,362
90			MATERIAL AND SUPPLIES	1,003	17,567	24,051	37,666	46,671	23,131	8,255	13,271	8,199
93			GENERAL SUPPORT EXP	7,500	121,542	130,499	155,559	97,249	56,276	32,327	50,641	28,795
94			CO EXP-CO SWITCHING EXP	6,739	88,396	85,468	98,271	80,157	44,840	28,158	28,866	21,048
96			COT EXP	2,489	31,689	29,977	48,752	31,141	19,240	11,289	15,492	10,758
101			CWF EXPENSES	10,052	135,823	173,481	222,677	183,508	92,768	67,215	79,777	50,461
105			TOTAL NETWK OP EXP	14,043	246,162	218,417	273,594	161,945	90,133	66,361	72,052	54,509
115	CUST OPER		MKG EXP	5,876	66,323	65,002	67,090	41,519	26,661	17,041	20,116	13,113
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	6,364	94,238	108,858	149,588	86,288	45,339	31,801	40,240	26,597
173	CUST SERV		TOTAL CUST SVC EXP	1,932	26,964	22,867	26,741	15,306	9,262	5,887	7,377	4,847
176			CORP OP EXP EXEC & PLAN EXP	1,008	9,915	6,934	11,127	7,250	4,124	2,675	3,117	2,004
179			TOTAL GEN AND ADMIN EXP	23,435	267,524	232,992	234,039	102,537	82,959	63,605	37,399	61,409
			TOTAL DOLLARS	547,471	7,414,607	6,892,492	8,472,629	5,478,803	3,135,056	2,062,786	3,027,332	1,893,566

B COSB ROW SEQ #	PROSPECTIVE UNSEPARATED PERCENT CHANGE 1989			10 BA DSDE	11 BA PAPA	12 BA NJNJ	13 BS SBFL	14 BS SBGA	15 BS SBNC	16 BS SBSC	17 BS SCAL	18 BS SCKY
1	GSF		GSF	13.36%	18.28%	16.29%	6.87%	8.49%	12.50%	8.65%	18.56%	8.09%
21	COE	CAT 2	TOTAL TANDEM SW EQPT	0.00%	10.13%	15.17%	8.44%	20.41%	6.44%	2.27%	15.08%	12.52%
25	COE	CAT 3	TOTAL LOCAL SW EQPT	12.52%	12.25%	11.13%	16.09%	12.40%	14.21%	12.99%	13.07%	8.13%
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	22.01%	6.06%	34.13%	13.22%	14.67%	9.00%	-38.50%	41.45%	53.69%
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	19.99%	22.30%	-13.31%	14.14%	12.04%	4.51%	81.65%	11.26%	5.56%
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	-5.98%	8.23%	6.91%	19.54%	15.94%	10.59%	15.24%	-22.42%	-11.27%
58	CWF		TOTAL EX LN CWF EX WDB	7.05%	7.76%	7.11%	6.01%	8.15%	7.31%	7.05%	5.47%	3.98%
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	17.57%	2.28%	0.36%	7.94%	12.33%	22.04%	12.17%	7.75%	10.14%
66	CWF	CAT 3	TOTAL IX CWF	16.82%	0.08%	5.44%	11.04%	12.43%	11.32%	3.72%	3.71%	6.14%
81			TOTAL TANGIBLE ASSETS	0.56%	4.92%	2.00%	-40.26%	-37.93%	-58.89%	-17.35%	16.62%	0.69%
87			TELCOM PLT UNDER CONS-SHT TERM	118.11%	-15.91%	-36.36%	-43.16%	31.84%	51.72%	50.84%	-90.82%	-11.79%
90			MATERIAL AND SUPPLIES	-3.89%	-11.05%	3.55%	-9.63%	-9.50%	-13.01%	-10.02%	2.58%	6.90%
93			GENERAL SUPPORT EXP	4.91%	8.09%	12.15%	8.81%	10.90%	10.13%	14.51%	6.77%	17.97%
94			CO EXP-CO SWITCHING EXP	1.74%	20.63%	19.40%	-16.08%	-10.69%	0.44%	-2.69%	13.79%	32.21%
96			COT EXP	3.66%	6.39%	48.02%	0.01%	-4.03%	-8.55%	0.40%	22.38%	-16.03%
101			CWF EXPENSES	4.33%	4.42%	12.06%	6.41%	2.26%	1.07%	1.06%	10.97%	2.48%
105			TOTAL NETWK OP EXP	3.33%	3.62%	6.14%	0.19%	0.14%	-0.76%	-0.58%	11.28%	6.80%
115	CUST OPER		MKG EXP	11.71%	6.22%	46.48%	10.12%	13.32%	11.12%	7.60%	22.53%	26.73%
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	10.87%	8.78%	10.13%	11.49%	13.42%	12.30%	16.51%	-6.47%	5.06%
173	CUST SERV		TOTAL CUST SVC EXP	2.69%	1.71%	34.47%	8.33%	15.58%	9.76%	5.55%	105.72%	11.29%
176			CORP OP EXP EXEC & PLAN EXP	13.10%	-2.73%	14.28%	-44.37%	-50.67%	-48.95%	-40.68%	-0.93%	-5.09%
179			TOTAL GEN AND ADMIN EXP	8.15%	3.97%	6.37%	27.28%	36.10%	24.78%	20.46%	28.00%	-1.13%

176			CORP OP EXP EXEC & PLAN EXP	13.10%	-2.73%	14.28%	-44.37%	-50.67%	-48.95%	-40.68%	-0.93%	-5.09%
179			TOTAL GEN AND ADMIN EXP	8.15%	3.97%	6.37%	27.28%	36.10%	24.78%	20.46%	28.00%	-1.13%

A	UNSEPARATED 1988 DOLLARS TO NEAREST THOUSAND			19	20	21	22	23	24	25	26	27
COS8	MARCH 5, 1989											
ROW				BS	BS	BS	NX	NX	NX	NX	NX	NX
SEQ	SOURCE COS8 DATA											
#				SCLA	SCMS	SCTN	NEME	NEMA	NENH	NERI	NEVT	NYNY
1	GSF		GSF	338,830	223,037	343,685	67,113	737,403	126,580	60,085	38,589	2,201,792
21	COE	CAT 2	TOTAL TANDEM SW EQPT	28,550	25,157	40,318	27,778	57,396	20,910	126	14,704	288,903
25	COE	CAT 3	TOTAL LOCAL SW EQPT	521,059	270,846	517,131	141,726	1,129,002	179,083	165,019	97,046	3,625,603
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	111,708	39,953	113,891	20,429	149,708	-FCC	17,163	7,319	-FCC
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	234,995	152,779	223,365	68,508	210,606	75,690	44,240	39,232	596,718
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	199,990	168,721	161,802	114,178	706,275	103,858	64,600	57,962	478,948
58	CWF		TOTAL EX LN CWF EX WDB	1,652,345	867,516	1,223,463	383,306	1,416,986	486,069	227,496	227,775	5,007,630
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	64,879	17,055	53,535	4,429	167,668	7,048	12,852	4,092	440,676
66	CWF	CAT 3	TOTAL IX CWF	69,638	51,226	64,251	53,498	460,801	38,752	27,039	34,815	92,896
81			TOTAL TANGIBLE ASSETS	10,814	5,644	17,389	7,149	53,538	9,005	1,790	968	321,795
87			TELCOM PLT UNDER CONS-SHT TERM	23,335	21,146	23,465	7,910	66,942	16,512	16,438	6,949	179,359
90			MATERIAL AND SUPPLIES	9,631	9,814	12,633	3,619	42,295	5,548	4,995	3,224	93,297
93			GENERAL SUPPORT EXP	56,415	31,472	53,794	16,613	146,362	21,810	13,285	-FCC	539,401
94			CO EXP-CO SWITCHING EXP	33,611	21,933	42,791	13,042	83,576	15,725	12,294	-FCC	302,619
96			COT EXP	21,198	14,743	21,478	4,078	45,528	6,554	6,003	-FCC	82,600
101			CWF EXPENSES	92,654	57,166	107,159	24,165	163,929	28,688	20,306	-FCC	486,600
105			TOTAL NETWK OP EXP	100,158	55,084	100,390	25,611	203,083	33,297	19,212	-FCC	706,933
115	CUST OPER		MKG EXP	26,189	12,785	29,427	11,536	69,174	11,809	7,700	-FCC	207,811
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	55,204	27,645	59,568	12,208	91,906	14,320	11,178	-FCC	338,051
173	CUST SERV		TOTAL CUST SVC EXP	10,108	5,394	10,279	4,179	26,581	4,641	3,519	-FCC	97,361
176			CORP OP EXP EXEC & PLAN EXP	3,679	2,145	3,932	3,635	22,262	4,096	2,750	-FCC	8,609
179			TOTAL GEN AND ADMIN EXP	112,236	54,446	102,924	38,088	228,663	41,714	26,646	-FCC	665,186
			TOTAL DOLLARS	3,777,227	2,135,708	3,326,670	1,052,798	6,279,684	1,251,709	764,736	532,675	16,762,788

B	PROSPECTIVE UNSEPARATED PERCENT CHANGE 1989			19	20	21	22	23	24	25	26	27
COS8												
ROW				BS	BS	BS	NX	NX	NX	NX	NX	NX
SEQ												
#				SCLA	SCMS	SCTN	NEME	NEMA	NENH	NERI	NEVT	NYNY
1	GSF		GSF	7.01%	10.74%	10.51%	7.50%	9.94%	7.08%	10.32%	0.07%	4.47%
21	COE	CAT 2	TOTAL TANDEM SW EQPT	10.02%	4.81%	1.63%	3.24%	5.99%	-0.86%	56.35%	5.84%	1.21%
25	COE	CAT 3	TOTAL LOCAL SW EQPT	5.64%	19.40%	11.14%	14.14%	8.89%	8.88%	4.92%	8.20%	5.52%
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	46.82%	56.93%	56.40%	12.64%	6.66%	ERR	3.65%	6.65%	ERR
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	11.99%	18.09%	19.67%	12.64%	6.78%	9.46%	3.65%	6.32%	12.45%
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	-26.45%	-11.62%	-29.98%	12.64%	9.11%	9.46%	3.65%	6.41%	6.41%
58	CWF		TOTAL EX LN CWF EX WDB	3.91%	6.81%	5.60%	5.78%	11.17%	9.27%	5.15%	6.02%	6.26%
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	-12.81%	-1.35%	7.47%	5.19%	7.18%	7.31%	2.65%	8.04%	3.63%
66	CWF	CAT 3	TOTAL IX CWF	-7.07%	-15.59%	2.77%	6.81%	11.21%	9.76%	5.81%	4.44%	0.25%
81			TOTAL TANGIBLE ASSETS	1.32%	-50.58%	7.82%	16.63%	5.64%	12.97%	9.50%	9.50%	5.85%
87			TELCOM PLT UNDER CONS-SHT TERM	3.32%	3.56%	-30.49%	-29.20%	-32.83%	12.57%	-73.23%	-51.07%	0.63%
90			MATERIAL AND SUPPLIES	-0.37%	2.13%	-0.77%	120.25%	-2.97%	63.86%	2.42%	40.07%	-0.43%
93			GENERAL SUPPORT EXP	15.83%	16.58%	23.01%	-21.33%	9.15%	-5.90%	-22.93%	ERR	-4.26%
94			CO EXP-CO SWITCHING EXP	7.00%	11.96%	24.12%	-9.56%	-5.22%	7.01%	-18.35%	ERR	4.70%
96			COT EXP	26.04%	1.22%	14.43%	-36.98%	0.66%	-19.32%	-23.47%	ERR	10.82%
101			CWF EXPENSES	3.03%	5.98%	-3.76%	-23.36%	7.66%	-2.67%	-16.17%	ERR	-0.38%
105			TOTAL NETWK OP EXP	12.75%	8.85%	16.23%	31.39%	19.48%	16.89%	19.33%	ERR	2.77%
115	CUST OPER		MKG EXP	28.48%	41.01%	27.22%	17.45%	23.83%	19.21%	16.34%	ERR	20.69%
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	1.02%	7.44%	3.24%	-27.46%	50.68%	-38.60%	-24.27%	ERR	-3.45%
173	CUST SERV		TOTAL CUST SVC EXP	33.70%	12.87%	3.05%	-23.55%	24.01%	-49.21%	-32.23%	ERR	2.79%
176			CORP OP EXP EXEC & PLAN EXP	-5.49%	4.99%	-0.89%	-16.62%	50.33%	-37.67%	20.18%	ERR	68.13%
179			TOTAL GEN AND ADMIN EXP	1.94%	6.08%	7.32%	12.41%	37.12%	-7.93%	-2.39%	ERR	18.47%

A COS8 ROW SEQ #			UNSEPARATED 1988 DOLLARS TO NEAREST THOUSAND MARCH 5, 1989 SOURCE COS8 DATA	28 PT PTCA	29 PT PTNV	30 SW SWAR	31 SW SWKS	32 SW SWMO	33 SW SWOK	34 SW SWTX	35 US MSAZ	36 US MSCO
1	GSF		GSF	3,638,311	47,591	174,976	220,773	813,951	349,448	1,855,480	274,581	773,069
21	COE	CAT 2	TOTAL TANDEM SW EQPT	385,397	4,687	20,278	44,623	39,783	35,564	128,374	25,467	26,327
25	COE	CAT 3	TOTAL LOCAL SW EQPT	3,878,671	64,137	223,531	275,464	551,293	376,483	2,144,683	456,385	545,992
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	1,065,015	12,429	53,542	100,840	213,396	105,446	858,901	180,722	150,304
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	886,084	11,101	84,709	115,233	188,634	133,110	708,526	226,595	161,944
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	1,253,642	24,643	99,867	105,245	182,440	140,273	436,172	142,336	259,036
58	CWF		TOTAL EX LN CWF EX WDB	7,252,710	189,465	650,220	663,389	1,180,996	1,002,577	5,245,701	1,122,268	1,168,550
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	513,742	4,925	16,443	18,029	71,663	28,376	206,957	65,640	72,500
66	CWF	CAT 3	TOTAL IX CWF	528,318	6,095	39,633	67,105	85,556	66,921	287,640	23,616	49,796
81			TOTAL TANGIBLE ASSETS	282,342	3,736	4,069	8,794	52,086	17,187	34,939	34,772	51,826
87			TELCOM PLT UNDER CONS-SHT TERM	164,821	3,755	3,461	9,432	18,496	6,027	41,848	30,893	28,725
90			MATERIAL AND SUPPLIES	88,126	1,363	12,586	21,058	34,131	18,867	74,729	20,441	25,167
93			GENERAL SUPPORT EXP	359,429	6,131	27,596	41,339	-FCC	44,735	231,200	54,819	97,507
94			CO EXP-CO SWITCHING EXP	305,476	4,533	13,381	17,440	31,869	24,272	85,745	30,219	36,874
96			COT EXP	171,399	3,129	6,821	6,852	13,684	10,916	50,492	18,205	21,144
101			CWF EXPENSES	392,003	5,407	32,523	45,233	81,880	57,698	268,656	64,894	63,582
105			TOTAL NETWK OP EXP	908,168	20,187	40,243	99,405	123,782	68,637	325,699	82,031	85,229
115	CUST OPER		MKG EXP	208,730	2,613	7,292	11,283	21,145	17,278	68,681	27,242	31,273
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	348,850	5,146	15,249	20,530	41,816	34,081	173,660	43,119	49,584
173	CUST SERV		TOTAL CUST SVC EXP	80,661	1,535	3,585	5,279	9,961	7,219	35,323	10,949	14,797
176			CORP OP EXP EXEC & PLAN EXP	36,236	934	3,298	4,216	9,673	7,031	30,619	9,858	9,678
179			TOTAL GEN AND ADMIN EXP	816,841	21,464	42,979	57,177	110,243	77,249	321,826	125,013	146,441
			TOTAL DOLLARS	23,564,972	445,006	1,576,282	1,958,739	3,876,478	2,629,395	13,615,851	3,070,062	3,869,345

B COS8 ROW SEQ #			PROSPECTIVE UNSEPARATED PERCENT CHANGE 1989	28 PT PTCA	29 PT PTNV	30 SW SWAR	31 SW SWKS	32 SW SWMO	33 SW SWOK	34 SW SWTX	35 US MSAZ	36 US MSCO
1	GSF		GSF	6.62%	7.26%	10.31%	7.10%	12.85%	5.38%	8.89%	8.54%	4.40%
21	COE	CAT 2	TOTAL TANDEM SW EQPT	3.34%	0.00%	0.60%	9.30%	9.02%	36.48%	0.58%	25.87%	40.73%
25	COE	CAT 3	TOTAL LOCAL SW EQPT	5.03%	12.02%	5.76%	8.95%	10.22%	4.74%	4.82%	6.85%	4.43%
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	6.16%	4.68%	-10.07%	5.19%	-1.74%	-4.47%	-2.15%	11.89%	8.29%
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	5.63%	4.68%	5.79%	5.82%	1.65%	-5.74%	-3.18%	7.68%	5.66%
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	5.74%	4.68%	5.83%	6.88%	9.01%	-0.45%	-0.30%	8.41%	4.13%
58	CWF		TOTAL EX LN CWF EX WDB	2.63%	4.82%	3.99%	4.25%	4.71%	2.71%	4.69%	8.93%	5.19%
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	3.61%	-3.15%	6.22%	5.31%	10.22%	3.65%	4.68%	7.88%	2.51%
66	CWF	CAT 3	TOTAL IX CWF	3.59%	6.78%	2.36%	5.19%	5.00%	1.60%	4.96%	8.89%	5.03%
81			TOTAL TANGIBLE ASSETS	-0.65%	-0.80%	-0.12%	1.47%	16.77%	0.76%	20.85%	8.42%	6.45%
87			TELCOM PLT UNDER CONS-SHT TERM	-0.69%	-64.02%	-12.48%	6.48%	-31.53%	10.25%	-45.74%	-32.13%	30.89%
90			MATERIAL AND SUPPLIES	15.29%	-5.87%	-0.68%	12.39%	-16.79%	-3.54%	26.99%	-3.28%	9.18%
93			GENERAL SUPPORT EXP	-18.46%	33.49%	2.17%	10.62%	ERR	5.25%	5.13%	-6.31%	2.51%
94			CO EXP-CO SWITCHING EXP	-9.93%	5.36%	-34.42%	18.23%	-5.69%	-18.84%	-6.18%	-0.79%	2.72%
96			COT EXP	-13.65%	1.28%	11.14%	-0.48%	9.44%	10.88%	-0.97%	11.52%	24.34%
101			CWF EXPENSES	-11.72%	7.19%	-10.08%	1.69%	17.07%	3.28%	4.34%	17.96%	-1.42%
105			TOTAL NETWK OP EXP	-2.26%	2.36%	15.13%	12.34%	45.54%	1.25%	1.21%	10.63%	-0.32%
115	CUST OPER		MKG EXP	10.17%	29.97%	6.39%	9.08%	7.39%	2.29%	2.55%	7.98%	9.75%
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	2.74%	11.27%	8.16%	1.23%	6.06%	2.78%	5.32%	-2.05%	-3.26%
173	CUST SERV		TOTAL CUST SVC EXP	-1.72%	11.27%	6.19%	1.38%	-4.59%	-2.58%	-4.30%	5.62%	1.23%
176			CORP OP EXP EXEC & PLAN EXP	16.74%	11.78%	12.37%	-75.71%	5.37%	-6.93%	9.24%	-15.25%	-27.41%
179			TOTAL GEN AND ADMIN EXP	11.22%	-1.54%	15.69%	13.73%	7.72%	-1.64%	8.12%	-9.75%	-5.52%

167	CUST SERV		TOTAL LOCAL BUS OFF EXP	-1.72%	11.27%	6.19%	1.38%	-4.59%	-2.58%	-4.30%	5.62%	1.23%
173	CUST SERV		TOTAL CUST SVC EXP	16.74%	11.78%	12.37%	-75.71%	5.37%	-6.93%	9.24%	-15.25%	-27.41%
176			CORP OP EXP EXEC & PLAN EXP	11.22%	-1.54%	15.69%	13.73%	7.72%	-1.64%	8.12%	-9.75%	-5.52%
179			TOTAL GEN AND ADMIN EXP									

A COS8 ROW SEQ #			UNSEPARATED 1988 DOLLARS TO NEAREST THOUSAND MARCH 5, 1989 SOURCE COS8 DATA	37 US MSID	38 US MSMT	39 US MSNM	40 US MSUT	41 US MSWY	42 US NWIA	43 US NWMN	44 US NWNE	45 US NWND
1	GSF		GSF	50,376	63,467	262,891	298,834	82,344	212,101	331,923	315,216	44,956
21	COE	CAT 2	TOTAL TANDEM SW EQPT	8,693	7,932	9,330	21,842	6,632	27,000	36,142	15,818	7,093
25	COE	CAT 3	TOTAL LOCAL SW EQPT	94,797	100,104	161,696	234,227	69,035	252,365	508,502	144,111	71,217
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	13,753	14,009	45,664	35,834	2,905	44,674	163,945	42,710	10,983
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	20,630	29,435	49,824	49,533	49,841	46,666	119,007	24,823	24,991
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	63,258	104,802	113,637	114,711	77,792	176,714	164,997	82,002	60,208
58	CWF		TOTAL EX LN CWF EX WDB	252,766	252,559	391,426	416,688	297,922	504,234	947,926	266,719	215,061
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	8,872	3,087	11,180	24,048	563	17,361	64,434	15,485	3,272
66	CWF	CAT 3	TOTAL IX CWF	17,335	21,264	24,784	17,231	6,979	68,035	77,933	33,732	16,091
81			TOTAL TANGIBLE ASSETS	8,463	1,208	6,201	5,018	1,007	15,455	26,781	20,209	3,313
87			TELCOM PLT UNDER CONS-SHT TERM	5,035	4,518	10,892	5,425	3,214	9,067	21,910	7,396	2,109
90			MATERIAL AND SUPPLIES	1,531	1,439	4,468	5,757	1,445	12,113	14,549	7,025	1,832
93			GENERAL SUPPORT EXP	7,921	9,933	19,459	23,157	8,658	25,882	47,755	15,983	7,730
94			CO EXP-CO SWITCHING EXP	7,357	9,741	13,547	12,821	5,003	18,141	35,822	10,080	6,117
96			COT EXP	2,988	4,773	6,096	6,248	2,958	7,487	12,030	5,557	1,840
101			CWF EXPENSES	12,226	11,447	22,740	19,466	10,330	25,242	59,246	16,035	8,402
105			TOTAL NETWK OP EXP	22,682	26,389	35,804	32,092	12,030	92,956	71,013	38,851	20,258
115	CUST OPER		MKG EXP	6,108	5,682	9,557	12,895	4,428	14,377	26,924	7,861	3,945
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	9,031	7,957	15,262	16,264	5,771	21,226	36,994	12,620	5,161
173	CUST SERV		TOTAL CUST SVC EXP	4,332	3,259	4,842	5,161	2,435	17,075	13,875	6,006	4,160
176			CORP OP EXP EXEC & PLAN EXP	1,963	2,193	3,331	3,781	1,675	4,311	6,173	1,928	1,480
179			TOTAL GEN AND ADMIN EXP	25,974	30,915	53,890	54,286	22,936	81,903	121,976	40,442	23,764
			TOTAL DOLLARS	646,089	716,110	1,276,524	1,415,319	675,903	1,694,386	2,909,859	1,130,609	543,982

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B COS8 ROW SEQ #			PROSPECTIVE UNSEPARATED PERCENT CHANGE 1989	37 US MSID	38 US MSMT	39 US MSNM	40 US MSUT	41 US MSWY	42 US NWIA	43 US NWMN	44 US NWNE	45 US NWND
1	GSF		GSF	3.34%	4.17%	6.09%	2.96%	2.58%	8.82%	18.03%	24.06%	13.26%
21	COE	CAT 2	TOTAL TANDEM SW EQPT	-8.95%	-9.54%	19.55%	6.16%	66.94%	1.60%	32.84%	69.97%	88.40%
25	COE	CAT 3	TOTAL LOCAL SW EQPT	3.84%	3.52%	5.98%	3.35%	-4.21%	9.15%	6.54%	1.50%	5.48%
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	25.88%	-33.15%	1.11%	34.06%	630.71%	-3.96%	2.70%	42.97%	56.23%
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	80.29%	61.15%	4.74%	39.77%	17.38%	-2.60%	5.70%	59.67%	-2.59%
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	-23.86%	-4.55%	10.59%	-19.49%	-29.30%	15.03%	18.25%	-31.98%	-6.22%
58	CWF		TOTAL EX LN CWF EX WDB	5.89%	4.12%	6.29%	3.71%	3.00%	2.68%	6.69%	9.51%	9.29%
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	-50.18%	18.61%	3.64%	-20.51%	-78.62%	5.66%	-4.95%	-6.32%	-38.94%
66	CWF	CAT 3	TOTAL IX CWF	2.53%	-12.76%	6.40%	38.04%	11.33%	1.60%	5.65%	-23.80%	-61.53%
81			TOTAL TANGIBLE ASSETS	2.44%	50.27%	4.23%	-7.78%	2.20%	-6.48%	1.02%	10.66%	6.31%
87			TELCOM PLT UNDER CONS-SHT TERM	15.00%	-16.48%	22.65%	45.72%	98.94%	-15.97%	-12.20%	101.80%	-42.50%
90			MATERIAL AND SUPPLIES	-21.44%	5.35%	5.92%	6.85%	-21.34%	10.33%	-1.02%	-5.62%	-10.31%
93			GENERAL SUPPORT EXP	-27.00%	4.22%	-3.31%	-6.63%	4.77%	-11.09%	-16.77%	-17.68%	-20.29%
94			CO EXP-CO SWITCHING EXP	-0.56%	-11.38%	8.70%	9.75%	-0.92%	-12.85%	10.78%	7.86%	33.51%
96			COT EXP	21.91%	12.38%	27.00%	27.73%	18.49%	12.03%	5.81%	-19.50%	-12.48%
101			CWF EXPENSES	19.83%	17.91%	7.00%	8.82%	4.30%	9.64%	3.69%	1.01%	-6.54%
105			TOTAL NETWK OP EXP	-5.44%	3.31%	-5.57%	20.74%	2.38%	-0.76%	57.29%	1.16%	-1.74%
115	CUST OPER		MKG EXP	4.45%	7.82%	7.34%	8.92%	9.76%	4.43%	4.67%	-4.56%	6.22%
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	4.88%	-2.48%	-3.46%	-4.01%	-3.96%	-6.15%	0.74%	-10.09%	7.76%
173	CUST SERV		TOTAL CUST SVC EXP	14.14%	6.34%	4.01%	5.95%	5.52%	10.44%	-31.69%	12.60%	-18.91%
176			CORP OP EXP EXEC & PLAN EXP	-80.87%	-23.74%	-27.84%	-30.83%	-24.09%	23.60%	11.40%	63.92%	-2.19%
179			TOTAL GEN AND ADMIN EXP	-5.76%	-3.81%	-4.24%	-2.72%	-3.35%	-12.22%	-3.96%	-30.84%	2.86%

A COS8 ROW SEQ #	UNSEPARATED 1988 DOLLARS TO NEAREST THOUSAND MARCH 5, 1989 SOURCE COS8 DATA			46 US NWSD	47 US PNID	48 US PNOR	49 US PNWA	50 CE CEFL	51 CE CENV	52 CB CBTC	53 CO COCA	54 CO CONY
1	GSF		GSF	47,148	2,744	252,971	495,363	29,400	44,712	135,545	63,234	32,417
21	COE	CAT 2	TOTAL TANDEM SW EQPT	6,528	226	21,893	24,982	6,025	7,633	12,924	5,420	6,787
25	COE	CAT 3	TOTAL LOCAL SW EQPT	78,645	7,102	251,786	495,012	105,165	135,263	222,334	113,860	90,799
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	11,828	703	53,265	123,204	10,445	21,419	93,225	1,103	0
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	19,280	1,666	72,532	127,738	13,566	13,095	33,721	22,302	9,756
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	81,748	7,521	166,442	296,723	19,169	1,662	20,933	47,720	28,080
58	CWF		TOTAL EX LN CWF EX WDB	202,805	21,075	640,550	1,112,652	181,798	183,616	346,523	264,418	191,406
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	1,770	154	13,429	48,771	4,012	10,287	51,828	3,271	0
66	CWF	CAT 3	TOTAL IX CWF	26,793	1,282	26,410	47,658	1,127	1	13,343	11,000	10,598
81			TOTAL TANGIBLE ASSETS	2,177	378	19,006	31,055	903	747	25,134	- FCC	- FCC
87			TELCOM PLT UNDER CONS-SHT TERM	5,118	306	8,487	13,354	6,052	4,317	5,626	35,630	25,011
90			MATERIAL AND SUPPLIES	2,836	133	15,433	16,178	1,004	860	5,983	1,247	600
93			GENERAL SUPPORT EXP	6,971	176	26,009	43,854	6,711	10,844	13,569	7,518	4,455
94			CO EXP-CO SWITCHING EXP	5,504	538	17,999	26,984	4,762	4,458	-FCC	11,377	7,816
96			COT EXP	2,823	175	13,376	19,627	1,011	1,196	-FCC	3,166	1,185
101			CWF EXPENSES	7,228	600	38,239	57,306	10,342	9,020	24,649	12,872	15,592
105			TOTAL NETWK OP EXP	8,378	751	108,392	195,009	12,803	12,714	29,266	23,111	9,808
115	CUST OPER		MKG EXP	3,883	138	21,393	29,916	826	3,092	5,063	2,472	1,494
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	5,037	162	29,737	43,034	7,827	9,152	10,202	10,393	6,892
173	CUST SERV		TOTAL CUST SVC EXP	1,876	145	20,035	28,767	2,598	4,436	14,986	7,055	6,105
176			CORP OP EXP EXEC & PLAN EXP	2,578	100	5,696	8,146	1,686	2,499	1,621	2,234	1,755
179			TOTAL GEN AND ADMIN EXP	22,796	1,704	93,325	140,856	11,302	16,395	59,261	22,102	14,428
			TOTAL DOLLARS	553,750	47,779	1,916,406	3,426,187	438,533	497,418	1,125,736	671,505	464,984

B COS8 ROW SEQ #	PROSPECTIVE UNSEPARATED PERCENT CHANGE 1989			46 US NWSD	47 US PNID	48 US PNOR	49 US PNWA	50 CE CEFL	51 CE CENV	52 CB CBTC	53 CO COCA	54 CO CONY
1	GSF		GSF	11.74%	7.43%	10.39%	8.47%	13.63%	5.76%	13.51%	22.82%	7.33%
21	COE	CAT 2	TOTAL TANDEM SW EQPT	-11.50%	60.82%	24.50%	174.08%	14.04%	9.24%	14.54%	6.88%	6.88%
25	COE	CAT 3	TOTAL LOCAL SW EQPT	17.52%	-11.30%	8.46%	2.18%	14.04%	9.23%	7.51%	6.89%	6.87%
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	99.04%	-52.85%	42.89%	2.64%	6.82%	10.20%	16.72%	-0.73%	ERR
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	36.74%	94.90%	27.58%	5.38%	6.82%	10.19%	13.01%	-0.76%	6.88%
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	-14.48%	-22.78%	-5.20%	12.07%	6.82%	10.23%	13.15%	-0.96%	6.88%
58	CWF		TOTAL EX LN CWF EX WDB	13.99%	8.84%	3.46%	6.10%	10.09%	7.82%	11.99%	5.86%	12.14%
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	121.81%	41.38%	13.99%	2.82%	9.81%	7.72%	-24.92%	5.87%	ERR
66	CWF	CAT 3	TOTAL IX CWF	-61.72%	-79.31%	39.63%	5.50%	10.16%	0.00%	11.92%	5.86%	23.46%
81			TOTAL TANGIBLE ASSETS	7.02%	1.77%	8.82%	4.76%	-0.61%	-2.14%	4.36%	ERR	ERR
87			TELCOM PLT UNDER CONS-SHT TERM	89.39%	80.65%	24.16%	-21.90%	-88.67%	24.51%	41.82%	-42.78%	-45.20%
90			MATERIAL AND SUPPLIES	-16.66%	193.82%	-12.00%	11.18%	11.69%	39.53%	24.80%	-7.70%	-36.00%
93			GENERAL SUPPORT EXP	-4.26%	-1.48%	13.77%	26.28%	17.61%	0.75%	3.15%	-4.31%	5.12%
94			CO EXP-CO SWITCHING EXP	14.56%	22.61%	0.74%	5.27%	26.77%	19.20%	ERR	7.31%	16.48%
96			COT EXP	17.98%	15.12%	2.88%	6.10%	26.77%	0.00%	ERR	21.35%	8.95%
101			CWF EXPENSES	6.35%	3.56%	-0.76%	-1.50%	8.18%	4.92%	4.80%	8.47%	10.30%
105			TOTAL NETWK OP EXP	-3.40%	-0.00%	3.04%	4.43%	6.85%	7.71%	0.95%	12.49%	16.66%
115	CUST OPER		MKG EXP	2.12%	-3.45%	2.82%	0.40%	51.01%	18.18%	14.69%	104.00%	21.22%
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	11.97%	-5.13%	-5.28%	-6.08%	5.62%	-4.75%	-3.22%	28.61%	6.96%
173	CUST SERV		TOTAL CUST SVC EXP	34.35%	-5.07%	-4.06%	-5.27%	5.62%	-4.76%	11.48%	40.96%	8.96%
176			CORP OP EXP EXEC & PLAN EXP	-35.00%	-12.81%	-17.61%	-17.82%	2.72%	-7.68%	35.23%	-9.40%	1.82%
179			TOTAL GEN AND ADMIN EXP	4.79%	-4.67%	-1.84%	-0.53%	2.72%	0.88%	19.38%	-1.28%	5.50%

179			TOTAL GEN AND ADMIN EXP	4.79%	-4.67%	-1.84%	-0.53%	2.72%	0.88%	19.38%	-1.28%	5.50%	

A UNSEPARATED 1988 DOLLARS TO NEAREST THOUSAND				55	56	57	58	59	60	61	62	63	
COS8 MARCH 5, 1989													
ROW				CO	CO	GT	GT	GT	GT	GT	GT	GT	
SEQ #	SOURCE COS8 DATA			COTX	COVA	GTCA	GTFL	GTID	GTMT	GTOR	GTWA	GNCA	
1	GSF		GSF	33,434	46,549	959,623	321,503	38,869	2,178	72,923	151,651	3,839	
21	COE	CAT 2	TOTAL TANDEM SW EQPT	576	5,594	143,322	48,467	5,849	0	17,758	28,477	750	
25	COE	CAT 3	TOTAL LOCAL SW EQPT	81,899	135,283	1,357,063	731,301	37,406	2,459	112,141	231,604	4,123	
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	359	0	210,630	111,654	1,398	0	15,612	23,443	531	
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	21,105	12,766	255,145	176,498	14,527	1,788	26,333	57,939	1,256	
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	19,862	47,809	423,642	228,313	23,429	1,885	32,076	81,834	3,406	
58	CWF		TOTAL EX LN CWF EX WDB	224,155	272,418	2,362,359	1,141,367	71,233	5,553	185,801	358,746	7,754	
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	88	0	134,355	45,512	517	17	7,984	11,251	213	
66	CWF	CAT 3	TOTAL IX CWF	10,181	13,842	120,819	19,066	2,417	0	5,499	14,948	248	
81			TOTAL TANGIBLE ASSETS	- FCC	- FCC	19,999	6,660	2,332	92	3,437	6,007	182	
87			TELCOM PLT UNDER CONS-SHT TERM	13,091	38,208	201,017	170,663	1,503	54	8,672	20,554	1,722	
90			MATERIAL AND SUPPLIES	1,251	1,462	21,752	32,964	506	39	1,224	2,361	281	
93			GENERAL SUPPORT EXP	4,186	5,895	148,468	73,496	5,499	209	12,525	19,718	534	
94			CO EXP-CO SWITCHING EXP	6,065	10,399	100,119	45,410	2,558	215	6,938	14,784	941	
96			COT EXP	1,496	2,473	26,390	13,207	532	61	1,403	2,660	86	
101			CWF EXPENSES	10,296	26,517	191,204	94,816	5,445	425	11,232	21,437	719	
105			TOTAL NETWK OP EXP	13,871	11,682	231,313	102,117	7,649	373	14,379	24,919	926	
115	CUST OPER		MKG EXP	1,182	2,962	53,734	19,935	689	48	3,273	6,566	68	
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	5,833	12,108	114,568	34,779	2,215	179	6,946	12,765	251	
173	CUST SERV		TOTAL CUST SVC EXP	5,544	6,808	26,022	8,628	551	45	1,699	2,984	71	
176			CORP OP EXP EXEC & PLAN EXP	1,476	2,470	8,212	4,016	474	30	1,272	2,204	74	
179			TOTAL GEN AND ADMIN EXP	14,174	20,672	238,175	90,567	6,158	350	15,077	28,530	874	
			TOTAL DOLLARS	470,124	675,917	7,347,931	3,520,939	231,756	16,000	564,204	1,125,382	28,849	

B PROSPECTIVE UNSEPARATED PERCENT CHANGE 1989				55	56	57	58	59	60	61	62	63	
COS8													
ROW				CO	CO	GT	GT	GT	GT	GT	GT	GT	
SEQ #				COTX	COVA	GTCA	GTFL	GTID	GTMT	GTOR	GTWA	GNCA	
1	GSF		GSF	19.79%	28.58%	8.30%	12.22%	14.79%	14.88%	17.15%	20.81%	25.94%	
21	COE	CAT 2	TOTAL TANDEM SW EQPT	16.32%	9.67%	13.01%	-12.57%	5.27%	ERR	71.69%	54.57%	68.00%	
25	COE	CAT 3	TOTAL LOCAL SW EQPT	16.29%	9.66%	5.34%	0.41%	5.78%	5.33%	-0.21%	4.60%	24.52%	
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	-5.57%	ERR	3.77%	55.18%	35.69%	ERR	-15.80%	4.85%	-15.82%	
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	-5.58%	9.66%	14.11%	8.40%	9.21%	4.14%	18.32%	22.43%	63.85%	
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	-5.77%	9.66%	3.77%	-35.44%	1.37%	-8.75%	16.02%	13.68%	0.06%	
58	CWF		TOTAL EX LN CWF EX WDB	8.94%	16.44%	11.15%	12.18%	4.82%	7.42%	8.89%	8.55%	13.55%	
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	9.09%	ERR	13.43%	-0.66%	0.97%	5.88%	4.66%	6.67%	5.16%	
66	CWF	CAT 3	TOTAL IX CWF	8.94%	7.25%	18.58%	5.49%	-7.86%	ERR	-20.60%	0.68%	9.27%	
81			TOTAL TANGIBLE ASSETS	ERR	ERR	-6.92%	0.20%	-13.29%	-33.70%	-18.77%	-19.93%	-36.81%	
87			TELCOM PLT UNDER CONS-SHT TERM	7.55%	-53.99%	-28.53%	-0.85%	-46.17%	-44.44%	16.70%	-25.88%	-67.89%	
90			MATERIAL AND SUPPLIES	-12.07%	4.65%	-1.96%	3.47%	12.06%	0.00%	15.28%	15.67%	-6.76%	
93			GENERAL SUPPORT EXP	5.11%	32.20%	1.69%	6.86%	-4.60%	-0.96%	-4.65%	-3.89%	-2.25%	
94			CO EXP-CO SWITCHING EXP	19.14%	20.35%	5.93%	21.14%	5.98%	11.63%	14.90%	27.72%	-31.88%	
96			COT EXP	6.35%	25.92%	5.64%	-10.11%	-10.53%	-26.23%	-3.21%	2.56%	29.07%	
101			CWF EXPENSES	17.54%	4.47%	-10.26%	-6.57%	-26.24%	-41.88%	-25.57%	-22.87%	-41.31%	
105			TOTAL NETWK OP EXP	11.84%	40.85%	-11.52%	-1.29%	-25.95%	-12.06%	-22.03%	-17.61%	-10.26%	
115	CUST OPER		MKG EXP	112.61%	36.70%	2.81%	34.53%	84.03%	114.58%	30.61%	11.57%	125.00%	
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	25.24%	22.56%	-1.90%	2.24%	3.79%	-10.06%	-7.96%	-0.04%	-2.39%	
173	CUST SERV		TOTAL CUST SVC EXP	16.18%	12.82%	-11.57%	10.44%	43.56%	37.78%	36.20%	30.06%	30.99%	
176			CORP OP EXP EXEC & PLAN EXP	-9.69%	-20.85%	-10.45%	-20.00%	-7.17%	-3.33%	-10.85%	-8.62%	-25.68%	
179			TOTAL GEN AND ADMIN EXP	2.74%	34.71%	-1.99%	8.30%	15.41%	26.00%	14.66%	15.26%	13.50%	

A COS8 ROW SEQ #	UNSEPARATED 1988 DOLLARS TO NEAREST THOUSAND MARCH 5, 1989 SOURCE COS8 DATA			64 GT GTAL	65 GT GTGA	66 GT GTKY	67 GT GTNC	68 GT GTSC	69 GT GTTN	70 GT GTVA	71 GT GTWV	72 GT GTAR
1	GSF		GSF	24,728	40,331	87,134	85,175	31,961	10,384	4,994	19,397	17,289
21	COE	CAT 2	TOTAL TANDEM SW EQPT	4,533	2,989	8,583	5,267	4,721	3,217	0	3,054	726
25	COE	CAT 3	TOTAL LOCAL SW EQPT	47,672	88,217	161,336	66,110	65,904	16,284	13,331	30,272	32,069
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	1,452	4,311	5,273	11,654	4,903	558	356	1,035	1,775
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	14,837	38,540	34,542	21,087	12,314	9,463	7,200	13,653	7,616
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	19,523	17,496	56,025	6,281	17,810	7,460	4,905	13,205	8,068
58	CWF		TOTAL EX LN CWF EX WDB	89,393	170,943	283,049	94,322	92,103	33,732	23,644	51,463	64,172
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	1,138	2,207	6,146	4,280	1,623	595	375	1,023	540
66	CWF	CAT 3	TOTAL IX CWF	6,583	8,413	9,358	2,199	5,463	1,598	850	2,538	1,797
81			TOTAL TANGIBLE ASSETS	895	1,924	4,476	2,089	1,305	297	81	1,097	469
87			TELCOM PLT UNDER CONS-SHT TERM	4,289	18,930	22,368	5,973	4,863	922	3,188	3,610	4,711
90			MATERIAL AND SUPPLIES	1,154	5,826	3,123 -FCC		987	346 -FCC		1,547	1,215
93			GENERAL SUPPORT EXP	6,299	10,768	18,101	388	7,833	2,701	1,544	4,699	3,408
94			CO EXP-CO SWITCHING EXP	4,305	7,959	10,401	3,412	4,327	2,037	1,385	2,113	4,242
96			COT EXP	926	2,322	2,508	980	824	409	662	466	488
101			CWF EXPENSES	10,531	18,805	19,837	8,341	8,718	3,118	2,084	5,797	6,258
105			TOTAL NETWK OP EXP	7,270	13,376	21,037	8,895	7,322	2,804	1,268	4,792	4,260
115	CUST OPER		MKG EXP	1,153	1,749	3,312	1,945	1,220	451	204	651	705
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	3,302	4,512	7,336	3,242	3,068	1,091	499	1,586	1,719
173	CUST SERV		TOTAL CUST SVC EXP	931	1,701	1,254	953	1,047	310	73	578	260
176			CORP OP EXP EXEC & PLAN EXP	389	635	1,360	405	364	178	87	276	232
179			TOTAL GEN AND ADMIN EXP	7,775	12,302	20,207	8,153	7,277	3,165	1,379	4,846	4,868
			TOTAL DOLLARS	259,078	474,256	786,766	341,151	285,957	101,120	68,109	167,698	166,887

B COS8 ROW SEQ #	PROSPECTIVE UNSEPARATED PERCENT CHANGE 1989			64 GT GTAL	65 GT GTGA	66 GT GTKY	67 GT GTNC	68 GT GTSC	69 GT GTTN	70 GT GTVA	71 GT GTWV	72 GT GTAR
1	GSF		GSF	1.11%	2.69%	4.13%	21.17%	4.71%	3.87%	1.86%	4.20%	25.81%
21	COE	CAT 2	TOTAL TANDEM SW EQPT	25.74%	-77.18%	24.89%	-32.85%	11.16%	-0.06%	ERR	-53.99%	-2.48%
25	COE	CAT 3	TOTAL LOCAL SW EQPT	8.83%	9.70%	8.57%	11.90%	14.15%	16.63%	-0.12%	3.51%	3.29%
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	22.25%	24.75%	22.34%	15.17%	-1.71%	-17.92%	45.79%	6.09%	51.89%
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	36.48%	14.16%	10.89%	1.71%	5.65%	15.85%	17.67%	9.15%	24.03%
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	8.60%	7.32%	3.19%	33.45%	-7.45%	-13.63%	5.55%	12.51%	-0.19%
58	CWF		TOTAL EX LN CWF EX WDB	15.26%	14.98%	6.65%	10.60%	17.34%	9.11%	5.13%	13.75%	5.73%
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	42.62%	20.30%	7.57%	35.05%	43.07%	28.57%	48.27%	10.07%	35.37%
66	CWF	CAT 3	TOTAL IX CWF	7.20%	-9.82%	16.25%	3.68%	-3.61%	-22.03%	4.47%	-9.50%	35.84%
81			TOTAL TANGIBLE ASSETS	-34.64%	-56.34%	-30.50%	-47.53%	-29.66%	-47.47%	64.20%	-43.76%	-9.38%
87			TELCOM PLT UNDER CONS-SHT TERM	-13.87%	-44.78%	-16.64%	3.47%	5.96%	5.21%	-17.03%	-6.45%	-38.91%
90			MATERIAL AND SUPPLIES	-2.25%	-57.38%	19.21%	ERR	-50.86%	-9.25%	ERR	-71.30%	1.07%
93			GENERAL SUPPORT EXP	28.18%	21.11%	20.60%	221.91%	10.16%	19.51%	-21.05%	17.94%	-3.73%
94			CO EXP-CO SWITCHING EXP	5.44%	-6.21%	3.01%	19.58%	11.56%	0.79%	-7.36%	-12.12%	-0.73%
96			COT EXP	1.73%	-41.82%	2.55%	2.76%	11.65%	19.80%	-83.08%	56.01%	4.51%
101			CWF EXPENSES	-2.17%	-5.60%	-9.54%	-4.00%	6.30%	-10.49%	40.50%	-32.55%	-7.08%
105			TOTAL NETWK OP EXP	0.26%	-4.95%	-7.85%	-1.07%	3.88%	-12.73%	19.01%	22.04%	-5.19%
115	CUST OPER		MKG EXP	-16.13%	-20.58%	19.29%	6.38%	-13.52%	-7.54%	33.33%	-8.29%	22.41%
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	-10.02%	-5.47%	-10.59%	-18.48%	1.83%	-6.32%	10.62%	-5.80%	1.98%
173	CUST SERV		TOTAL CUST SVC EXP	5.80%	13.58%	152.23%	11.96%	34.86%	80.97%	276.71%	-23.36%	-0.38%
176			CORP OP EXP EXEC & PLAN EXP	35.99%	35.28%	-12.43%	43.95%	37.09%	6.74%	5.75%	4.71%	0.43%
179			TOTAL GEN AND ADMIN EXP	3.29%	8.10%	-4.02%	15.53%	5.81%	-6.98%	5.44%	-2.02%	4.21%

A COS8 ROW SEQ #			UNSEPARATED 1988 DOLLARS TO NEAREST THOUSAND MARCH 5, 1989 SOURCE COS8 DATA	73 GT GTNM	74 GT GTOK	75 GT GTTX	76 GT GTIL	77 GT GTIN	78 GT GTIA	79 GT GTMI	80 GT GTMN	81 GT GTMO
1	GSF		GSF	12,171	32,546	351,210	130,809	180,044	24,644	97,259	208	14,214
21	COE	CAT 2	TOTAL TANDEM SW EQPT	2,966	1,468	28,402	18,290	23,509	1,023	28,396	0	479
25	COE	CAT 3	TOTAL LOCAL SW EQPT	19,395	55,412	612,085	227,635	259,445	55,704	181,992	1,969	41,226
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	536	1,646	36,078	10,530	24,170	2,360	15,498	72	999
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	4,204	12,745	98,028	41,652	41,278	10,869	41,713	506	8,663
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	9,404	17,016	168,477	90,464	60,052	9,794	79,520	97	5,081
58	CWF		TOTAL EX LN CWF EX WDB	31,719	121,352	1,033,010	342,278	361,949	66,724	389,246	2,078	74,603
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	77	1,497	24,261	11,336	22,333	1,980	11,419	51	1,680
66	CWF	CAT 3	TOTAL IX CWF	363	3,248	50,319	30,193	23,274	5,068	30,911	27	1,286
81			TOTAL TANGIBLE ASSETS	185	552	14,049	1,140	8,865	722	1,662	0	116
87			TELCOM PLT UNDER CONS-SHT TERM	486	3,718	55,031	35,084	28,832	6,610	30,972	39	6,289
90			MATERIAL AND SUPPLIES	109	2,612	21,854	6,917	5,337	1,550	6,284	-FCC	917
93			GENERAL SUPPORT EXP	2,403	5,790	65,216	23,966	23,316	5,100	20,296	69	3,893
94			CO EXP-CO SWITCHING EXP	1,080	5,611	47,867	18,086	18,525	4,063	12,510	189	3,172
96			COT EXP	364	765	9,124	3,255	4,390	328	2,833	10	479
101			CWF EXPENSES	1,624	7,567	69,213	24,876	28,482	5,335	22,221	80	5,662
105			TOTAL NETWK OP EXP	2,199	4,849	68,010	26,965	29,094	5,162	20,890	72	3,618
115	CUST OPER		MKG EXP	461	1,075	14,872	5,363	8,189	652	4,630	14	876
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	1,416	1,877	29,969	7,259	10,541	1,531	8,199	11	1,270
173	CUST SERV		TOTAL CUST SVC EXP	525	348	6,077	4,790	3,126	1,085	3,029	16	559
176			CORP OP EXP EXEC & PLAN EXP	109	355	3,653	1,705	2,001	440	1,594	7	407
179			TOTAL GEN AND ADMIN EXP	3,234	7,039	75,504	25,832	39,776	7,273	27,652	101	5,469
			TOTAL DOLLARS	95,030	289,088	2,882,309	1,088,425	1,206,528	218,017	1,038,726	5,616	180,958

B COS8 ROW SEQ #			PROSPECTIVE UNSEPARATED PERCENT CHANGE 1989	73 GT GTNM	74 GT GTOK	75 GT GTTX	76 GT GTIL	77 GT GTIN	78 GT GTIA	79 GT GTMI	80 GT GTMN	81 GT GTMO
1	GSF		GSF	31.23%	20.98%	19.87%	6.17%	7.39%	8.63%	3.56%	-5.77%	14.49%
21	COE	CAT 2	TOTAL TANDEM SW EQPT	23.23%	-1.02%	-10.30%	15.45%	13.38%	-7.92%	-0.30%	ERR	-68.06%
25	COE	CAT 3	TOTAL LOCAL SW EQPT	1.48%	0.46%	4.00%	5.91%	4.69%	1.14%	12.52%	24.99%	23.62%
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	568.28%	220.11%	96.66%	7.52%	-14.29%	17.08%	3.64%	2.78%	-10.81%
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	13.11%	14.51%	9.27%	-3.68%	-2.52%	-0.18%	-1.42%	-2.17%	-8.91%
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	-41.23%	-25.01%	-24.40%	-3.59%	-9.73%	-12.74%	0.85%	2.06%	-13.38%
58	CWF		TOTAL EX LN CWF EX WDB	4.23%	7.47%	6.92%	4.62%	5.71%	8.77%	10.57%	0.29%	9.70%
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	1.30%	4.28%	1.48%	23.75%	8.23%	-12.42%	-14.16%	-7.84%	11.13%
66	CWF	CAT 3	TOTAL IX CWF	-19.56%	6.90%	1.42%	-3.26%	-3.12%	0.00%	-18.01%	-7.41%	5.75%
81			TOTAL TANGIBLE ASSETS	-44.86%	-13.22%	-1.79%	31.75%	11.08%	-7.76%	7.94%	ERR	129.31%
87			TELCOM PLT UNDER CONS-SHT TERM	54.32%	116.78%	35.82%	-11.37%	10.15%	-2.59%	19.13%	-74.36%	1.88%
90			MATERIAL AND SUPPLIES	-4.59%	2.83%	-3.32%	-5.91%	10.64%	-12.26%	6.05%	ERR	11.01%
93			GENERAL SUPPORT EXP	-2.04%	-3.21%	-3.07%	13.40%	53.01%	-6.31%	10.57%	57.97%	55.97%
94			CO EXP-CO SWITCHING EXP	10.83%	-1.53%	-5.05%	4.92%	3.11%	3.40%	9.98%	-55.03%	5.55%
96			COT EXP	-25.55%	5.49%	2.71%	-66.05%	-36.29%	-64.33%	-17.05%	-80.00%	-80.58%
101			CWF EXPENSES	-0.49%	-3.79%	-4.15%	-8.94%	-1.26%	-30.22%	6.17%	-22.50%	-25.40%
105			TOTAL NETWK OP EXP	-5.87%	-5.26%	-5.49%	6.50%	-5.10%	-23.92%	138.54%	63.89%	64.48%
115	CUST OPER		MKG EXP	-18.87%	-2.14%	11.71%	-3.73%	-5.98%	9.36%	-9.16%	71.43%	-15.41%
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	1.77%	31.27%	1.44%	5.19%	-11.60%	-22.08%	-22.69%	127.27%	28.98%
173	CUST SERV		TOTAL CUST SVC EXP	-8.00%	-0.57%	0.46%	17.27%	-11.64%	-22.30%	-10.04%	125.00%	29.16%
176			CORP OP EXP EXEC & PLAN EXP	0.92%	0.28%	0.25%	9.27%	38.78%	18.18%	17.38%	57.14%	18.43%
179			TOTAL GEN AND ADMIN EXP	6.37%	4.40%	3.11%	39.09%	15.50%	-3.26%	19.45%	35.64%	22.00%

A COS8 ROW SEQ #	UNSEPARATED 1988 DOLLARS TO NEAREST THOUSAND MARCH 5, 1989 SOURCE COS8 DATA			82 GT GTNE	83 GT GTOH	84 GT GTPA	85 GT GTWI	86 GT GTHI	87 LT LTNE	88 RT RTNY	89 SN SNCT	90 UT UTFL
1	GSF		GSF	4,839	136,184	85,927	71,134	138,584	41,646	59,911	533,686	166,037
21	COE	CAT 2	TOTAL TANDEM SW EQPT	0	26,909	13,155	7,376	37,393	19,671	21,882	62,265	18,035
25	COE	CAT 3	TOTAL LOCAL SW EQPT	16,105	257,536	156,710	156,090	293,883	94,171	160,969	640,063	336,248
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	656	21,486	18,653	6,803	85,382	6,265	28,916	137,049	37,680
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	3,821	55,035	29,562	26,686	37,418	7,209	15,771	123,384	98,441
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	3,420	59,675	30,462	35,701	45,430	18,128	11,196	239,588	102,325
58	CWF		TOTAL EX LN CWF EX WDB	28,644	397,637	276,265	318,757	304,704	139,726	252,904	910,900	789,856
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	1,643	12,511	11,852	5,286	27,030	3,607	13,767	79,261	17,716
66	CWF	CAT 3	TOTAL IX CWF	1,950	25,837	11,619	12,869	12,018	11,048	9,771	88,703	27,998
81			TOTAL TANGIBLE ASSETS	66	1,021	309	2,165	6,525	188	4,143	27,937	2,812
87			TELCOM PLT UNDER CONS-SHT TERM	1,439	22,306	19,794	20,678	49,675	4,369	8,099	50,918	41,157
90			MATERIAL AND SUPPLIES	193	6,224	3,155	3,324	5,376	2,478	2,844	19,602	16,869
93			GENERAL SUPPORT EXP	1,301	26,671	18,040	15,000	16,334	5,782	7,746	81,568	28,461
94			CO EXP-CO SWITCHING EXP	1,160	17,212	11,355	8,768	16,221	-FCC	-FCC	57,436	23,303
96			COT EXP	181	3,971	2,121	1,470	11,696	-FCC	-FCC	22,684	9,141
101			CWF EXPENSES	2,207	29,855	19,789	16,735	12,409	6,126	16,069	69,611	67,776
105			TOTAL NETWK OP EXP	1,188	42,609	24,921	14,026	29,435	5,919	16,033	130,047	43,822
115	CUST OPER		MKG EXP	326	5,679	4,143	3,203	6,704	930	2,374	37,300	5,089
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	259	9,297	5,525	4,852	9,853	5,138	7,028	39,064	15,168
173	CUST SERV		TOTAL CUST SVC EXP	302	4,074	2,593	2,512	2,417	4,133	32,377	9,155	5,900
176			CORP OP EXP EXEC & PLAN EXP	140	1,897	1,281	1,150	2,808	2,516	2,502	0	2,591
179			TOTAL GEN AND ADMIN EXP	1,923	35,422	20,556	20,075	30,974	10,060	18,976	0	48,812
			TOTAL DOLLARS	71,763	1,199,048	767,787	754,660	1,182,269	389,110	693,278	3,360,222	1,905,238

B COS8 ROW SEQ #	PROSPECTIVE UNSEPARATED PERCENT CHANGE 1989			82 GT GTNE	83 GT GTOH	84 GT GTPA	85 GT GTWI	86 GT GTHI	87 LT LTNE	88 RT RTNY	89 SN SNCT	90 UT UTFL
1	GSF		GSF	0.56%	4.78%	5.25%	6.13%	12.10%	1.51%	16.37%	15.09%	15.01%
21	COE	CAT 2	TOTAL TANDEM SW EQPT	ERR	20.47%	12.51%	7.82%	12.13%	-5.69%	13.84%	15.73%	22.80%
25	COE	CAT 3	TOTAL LOCAL SW EQPT	10.98%	-1.38%	10.34%	11.00%	3.58%	0.08%	12.95%	9.25%	8.72%
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	-5.79%	-8.16%	9.12%	-12.61%	-9.32%	1.88%	14.51%	13.70%	3.47%
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	-11.99%	-3.79%	-0.44%	-12.07%	14.07%	18.49%	13.91%	35.64%	7.27%
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	-7.92%	6.75%	-10.23%	-5.48%	-5.87%	1.74%	13.11%	13.54%	9.63%
58	CWF		TOTAL EX LN CWF EX WDB	5.55%	6.26%	5.20%	5.73%	9.88%	4.80%	9.79%	10.15%	12.13%
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	-6.39%	-5.73%	6.39%	-21.38%	1.09%	-3.80%	6.02%	6.81%	8.17%
66	CWF	CAT 3	TOTAL IX CWF	18.87%	6.97%	-17.92%	22.82%	-87.87%	6.50%	19.88%	12.79%	-12.78%
81			TOTAL TANGIBLE ASSETS	59.09%	44.86%	26.54%	16.77%	-61.56%	-4.79%	117.64%	3.36%	90.81%
87			TELCOM PLT UNDER CONS-SHT TERM	27.73%	42.37%	3.83%	22.87%	-21.80%	-2.61%	37.99%	-36.70%	-36.70%
90			MATERIAL AND SUPPLIES	-83.94%	-16.93%	-5.36%	-4.12%	-6.57%	-3.15%	-15.19%	-9.21%	9.00%
93			GENERAL SUPPORT EXP	38.74%	6.09%	9.62%	6.08%	18.66%	1.83%	31.24%	1.87%	13.63%
94			CO EXP-CO SWITCHING EXP	22.67%	9.32%	31.25%	37.65%	7.83%	ERR	ERR	12.18%	16.80%
96			COT EXP	-77.90%	14.96%	-68.46%	17.82%	-15.39%	ERR	ERR	3.84%	18.12%
101			CWF EXPENSES	-22.43%	-3.81%	-2.41%	-3.08%	26.95%	-4.96%	6.70%	7.40%	5.34%
105			TOTAL NETWK OP EXP	27.02%	-2.99%	0.37%	121.62%	-1.28%	2.87%	5.18%	8.37%	10.92%
115	CUST OPER		MKG EXP	-40.49%	-1.13%	-18.39%	12.71%	-14.98%	4.62%	8.72%	-4.21%	22.63%
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	-10.42%	1.44%	-13.43%	4.51%	-3.72%	-0.35%	11.88%	-1.89%	10.35%
173	CUST SERV		TOTAL CUST SVC EXP	-10.93%	0.79%	-13.69%	-50.88%	10.80%	5.08%	-71.88%	-12.60%	4.93%
176			CORP OP EXP EXEC & PLAN EXP	45.71%	32.00%	25.60%	14.78%	-3.03%	-0.52%	16.55%	ERR	7.83%
179			TOTAL GEN AND ADMIN EXP	41.86%	16.73%	23.98%	18.47%	10.84%	3.13%	31.96%	ERR	9.73%

176			CORP OP EXP EXEC & PLAN EXP	-10.93%	0.79%	-13.89%	-50.88%	10.80%	5.08%	-71.88%	-12.60%	4.93%
179			TOTAL GEN AND ADMIN EXP	45.71%	32.00%	25.60%	14.78%	-3.03%	-0.52%	16.55%	ERR	7.83%
				41.86%	16.73%	23.98%	18.47%	10.84%	3.13%	31.96%	ERR	9.73%

A COS8 ROW SEQ #			UNSEPARATED 1988 DOLLARS TO NEAREST THOUSAND MARCH 5, 1989 SOURCE COS8 DATA	91 UT UTIN	92 UT UTNC	93 UT UTOH	94 UT UTPA	95 UT UTTN	96 UT UTVA
1	GSF		GSF	52,327	115,722	76,039	44,498	31,761	12,722
21	COE	CAT 2	TOTAL TANDEM SW EQPT	6,979	19,263	0	11,625	978	770
25	COE	CAT 3	TOTAL LOCAL SW EQPT	58,574	231,445	185,794	88,892	61,710	26,867
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	3,237	11,890	14,126	5,757	4,522	1,946
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	22,861	72,965	29,342	28,179	14,083	6,578
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	22,791	116,514	66,556	26,377	26,594	10,506
58	CWF		TOTAL EX LN CWF EX WDB	139,804	514,378	310,936	190,645	123,269	68,645
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	3,474	8,716	11,638	2,328	2,505	536
66	CWF	CAT 3	TOTAL IX CWF	11,847	23,724	32,468	9,058	2,595	1,248
81			TOTAL TANGIBLE ASSETS	0	4,162	2,626	2,199	627	268
87			TELCOM PLT UNDER CONS-SHT TERM	4,877	25,062	9,874	6,084	2,098	665
90			MATERIAL AND SUPPLIES	1,823	5,331	2,667	2,317	756	411
93			GENERAL SUPPORT EXP	6,745	17,194	12,282	8,265	4,516	1,485
94			CO EXP-CO SWITCHING EXP	6,542	16,353	10,784	5,266	3,599	1,465
96			COT EXP	1,060	4,279	3,367	2,646	1,186	484
101			CWF EXPENSES	9,507	50,440	27,419	13,223	8,577	4,489
105			TOTAL NETWK OP EXP	7,231	25,681	30,400	18,937	6,209	1,961
115	CUST OPER		MKG EXP	574	2,363	1,580	787	703	300
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	2,851	13,016	7,906	3,566	2,580	977
173	CUST SERV		TOTAL CUST SVC EXP	1,110	4,258	2,571	1,871	1,173	531
176			CORP OP EXP EXEC & PLAN EXP	1,076	2,188	2,507	1,466	1,215	495
179			TOTAL GEN AND ADMIN EXP	12,230	37,900	26,130	15,292	11,628	4,987
			TOTAL DOLLARS	377,519	1,322,842	867,014	489,280	312,883	148,339

B COS8 ROW SEQ #			PROSPECTIVE UNSEPARATED PERCENT CHANGE 1989	91 UT UTIN	92 UT UTNC	93 UT UTOH	94 UT UTPA	95 UT UTTN	96 UT UTVA
1	GSF		GSF	10.87%	9.85%	-0.73%	33.08%	9.46%	3.57%
21	COE	CAT 2	TOTAL TANDEM SW EQPT	-93.17%	-18.13%	ERR	-31.76%	432.09%	148.39%
25	COE	CAT 3	TOTAL LOCAL SW EQPT	21.36%	9.22%	-0.36%	13.50%	-2.61%	7.03%
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	-19.97%	8.35%	3.78%	-1.43%	7.50%	-11.25%
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	8.59%	7.70%	6.25%	11.84%	-13.13%	7.73%
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	4.61%	-4.79%	5.58%	4.50%	1.54%	25.54%
58	CWF		TOTAL EX LN CWF EX WDB	9.39%	5.96%	5.68%	3.86%	7.96%	8.07%
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	-6.69%	16.27%	8.96%	16.71%	-14.18%	60.78%
66	CWF	CAT 3	TOTAL IX CWF	-14.03%	22.20%	10.02%	23.01%	24.83%	-16.20%
81			TOTAL TANGIBLE ASSETS	ERR	0.88%	-46.03%	-74.31%	20.31%	20.26%
87			TELCOM PLT UNDER CONS-SHT TERM	-79.64%	-47.44%	5.55%	-14.61%	-1.41%	17.19%
90			MATERIAL AND SUPPLIES	5.74%	20.61%	20.28%	-2.00%	-18.05%	-17.63%
93			GENERAL SUPPORT EXP	2.44%	11.29%	15.26%	7.08%	14.92%	-23.12%
94			CO EXP-CO SWITCHING EXP	9.46%	-14.73%	14.12%	0.67%	9.79%	17.67%
96			COT EXP	-20.83%	10.57%	-33.36%	-22.03%	-23.72%	-51.59%
101			CWF EXPENSES	11.52%	26.62%	12.55%	9.71%	7.26%	15.00%
105			TOTAL NETWK OP EXP	35.51%	13.98%	2.38%	12.12%	1.98%	14.43%
115	CUST OPER		MKG EXP	86.41%	14.91%	29.31%	16.51%	27.98%	26.06%
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	16.74%	5.47%	9.09%	-0.30%	14.53%	-0.42%
173	CUST SERV		TOTAL CUST SVC EXP	15.19%	18.08%	11.61%	2.66%	11.90%	17.02%
176			CORP OP EXP EXEC & PLAN EXP	9.77%	29.80%	9.29%	-13.14%	-5.60%	14.43%
179			TOTAL GEN AND ADMIN EXP	14.80%	10.09%	12.33%	10.22%	1.24%	0.02%

A COS8 ROW SEQ #	SOURCE COS8 DATA			UNSEPARATED 1988 DOLLARS TO NEAREST THOUSAND MARCH 5, 1989	TIER 1 GRAND TOTAL EACH ROW	MEAN FOR ROW	STD. DEV. FOR ROW	FLAG 1 MEAN + STD.DEV.
1	GSF		GSF		29,149,103	0.0988	0.0483	0.1471
21	COE	CAT 2		TOTAL TANDEM SW EQPT	2,856,529	0.1008	0.2325	0.3332
25	COE	CAT 3		TOTAL LOCAL SW EQPT	38,026,100	0.0749	0.0387	0.1137
33	COE	CAT4.12		TOTAL EX TRUNK CKT EQPT	8,545,957	0.1199	0.2139	0.3337
37	COE	CAT4.13		TOTAL EX LN CKT EQPT	9,912,960	0.1142	0.1449	0.2591
47	COE	CAT4.23		TOTAL OTH IX CKT EQPT	12,099,652	0.0013	0.1418	0.1431
58	CWF			TOTAL EX LN CWF EX WDB	75,207,330	0.0577	0.0345	0.0921
62	CWF	CAT 2		TOTAL WDB AND EX TNK CWF	4,111,075	0.1331	0.2816	0.4148
66	CWF	CAT 3	TOTAL IX CWF		4,278,214	0.0803	0.1908	0.2711
81			TOTAL TANGIBLE ASSETS		1,772,016	0.0084	0.1626	0.1710
87			TELCOM PLT UNDER CONS-SHT TERM		2,415,790	-0.1010	0.3153	0.2144
90			MATERIAL AND SUPPLIES		1,078,001	0.0455	0.1765	0.2220
93			GENERAL SUPPORT EXP		4,073,541	0.0376	0.1194	0.1570
94			CO EXP-CO SWITCHING EXP		2,734,636	0.0415	0.1277	0.1691
96			COT EXP		1,110,589	0.0342	0.1589	0.1931
101			CWF EXPENSES		5,139,307	0.0238	0.0891	0.1129
105				TOTAL NETWK OP EXP	7,119,003	0.0685	0.1468	0.2153
115	CUST OPER		MKG EXP		1,790,017	0.1347	0.1236	0.2583
167	CUST SERV		TOTAL LOCAL BUS OFF EXP		3,111,901	0.0484	0.1134	0.1618
173	CUST SERV			TOTAL CUST SVC EXP	880,535	0.0293	0.2293	0.2585
176			CORP OP EXP EXEC & PLAN EXP		385,343	0.0266	0.2770	0.3036
179				TOTAL GEN AND ADMIN EXP	7,204,470	0.0959	0.1124	0.2083
				TOTAL DOLLARS	223,002,070			

5846

1 OUTLIERS = STUDY AREA WHERE THE % CHANGE IS GREATER THAN THE MEAN PLUS THE STANDARD DEVIATION
2 OUTLIERS WITH PASSING REPORT CARDS REDUCED TO STANDARD DEVIATION
3 OUTLIERS WITH FAILING REPORT CARDS REDUCED TO MEAN

TIER 1 OUTLIER ANALYSIS

A REPORT CARD ELD & TPIS 1.00 = FAILED

ELD	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00
TPIS	1.00	1.00	0.00	0.00	1.00	0.00	0.00	0.00

B REPORT CARD WITH ELD/TPIS AND DATA FAILURES

ELD	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00
TPIS	1.00	1.00	0.00	0.00	1.00	1.00	0.00	0.00

COS8

ROW SEQ #	GROSS DOLLARS TO DISALLOW AFTER APPLYING ELD/TPIS DISALLOWANCE FACTORS				1 AM LBIL	2 AM NBIN	3 AM MBMI	4 AM OBOH	5 AM WTWI	6 BA CDDC	7 BA CMMD	8 BA CVVA
	GROSS DISALLOWANCES BEFORE ADJUSTMENTS				44,579	61,616	30,393	129,627	42,961	75,189	104,190	87,940
1	GSF		GSF	1	0	0	0	0	0	25,402	0	0
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	0	0	0	0	0	0	0	0
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	0	0	0	0	0	0	0	0
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	0	0	0	0	0	0	0	0
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	0	44,859	0	0	0	6,636	33,353	4,951
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	0	0	0	0	0	0	0	0
58	CWF		TOTAL EX LN CWF EX WDB	58	0	0	0	0	0	0	0	0
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	0	0	0	93,862	24,949	17,687	47,833	8,433
66	CWF	CAT 3	TOTAL IX CWF	66	26,037	0	0	32,890	11,286	3,761	10,214	17,037
81			TOTAL TANGIBLE ASSETS	81	0	0	0	0	0	0	0	0
87			TELCOM PLT UNDER CONS-SHT TERM	87	17,280	16,758	0	0	3,485	0	0	0
90			MATERIAL AND SUPPLIES	90	0	0	10,503	0	0	0	0	0
93			GENERAL SUPPORT EXP	93	0	0	0	0	0	5,942	0	9,285
94			CO EXP-CO SWITCHING EXP	94	0	0	0	2,876	0	4,765	0	9,558
96			COT EXP	96	0	0	0	0	0	2,242	0	0
101			CWF EXPENSES	101	0	0	0	0	2,853	4,587	12,790	8,773
105			TOTAL NETWK OP EXP	105	0	0	19,509	0	0	0	0	19,611
115	CUST OPER		MKG EXP	115	0	0	0	0	387	0	0	0
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	0	0	0	0	0	3,135	0	10,292
173	CUST SERV		TOTAL CUST SVC EXP	173	1,262	0	0	0	0	1,033	0	0
176			CORP OP EXP EXEC & PLAN EXP	176	0	0	381	0	0	0	0	0
179			TOTAL GEN AND ADMIN EXP	179	0	0	0	0	0	0	0	0
			ADJUSTMENTS		(44,579)	(16,758)	(381)	0	(17,624)	(16,016)	(23,004)	(64,264)
	FINAL DISALLOWANCES AFTER ADJUSTMENTS				0	44,859	30,012	129,627	25,336	59,173	81,185	23,676
1	GSF		GSF	1	0	0	0	0	0	25,402	0	0
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	0	0	0	0	0	0	0	0
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	0	0	0	0	0	0	0	0
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	0	0	0	0	0	0	0	0
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	0	44,859	0	0	0	0	33,353	4,951
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	0	0	0	0	0	0	0	0
58	CWF		TOTAL EX LN CWF EX WDB	58	0	0	0	0	0	0	0	0
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	0	0	0	93,862	24,949	17,687	47,833	8,433
66	CWF	CAT 3	TOTAL IX CWF	66	0	0	0	32,890	0	0	0	0
81			TOTAL TANGIBLE ASSETS	81	0	0	0	0	0	0	0	0
87			TELCOM PLT UNDER CONS-SHT TERM	87	0	0	0	0	0	0	0	0
90			MATERIAL AND SUPPLIES	90	0	0	10,503	0	0	0	0	0
93			GENERAL SUPPORT EXP	93	0	0	0	0	0	5,942	0	0
94			CO EXP-CO SWITCHING EXP	94	0	0	0	2,876	0	4,765	0	0
96			COT EXP	96	0	0	0	0	0	2,242	0	0
101			CWF EXPENSES	101	0	0	0	0	0	0	0	0
105			TOTAL NETWK OP EXP	105	0	0	19,509	0	0	0	0	0
115	CUST OPER		MKG EXP	115	0	0	0	0	387	0	0	0
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	0	0	0	0	0	3,135	0	10,292
173	CUST SERV		TOTAL CUST SVC EXP	173	0	0	0	0	0	0	0	0
176			CORP OP EXP EXEC & PLAN EXP	176	0	0	0	0	0	0	0	0
179			TOTAL GEN AND ADMIN EXP	179	0	0	0	0	0	0	0	0

1 OUTLIERS = STUDY AREA WHERE THE % CHANGE IS GREATER THAN THE MEAN PLUS THE STANDARD DEVIATION
2 OUTLIERS WITH PASSING REPORT CARDS REDUCED TO STANDARD DEVIATION
3 OUTLIERS WITH FAILING REPORT CARDS REDUCED TO MEAN

TIER 1 OUTLIER ANALYSIS

A REPORT CARD

ELD	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00
TPIS	0.00	1.00	0.00	1.00	0.00	0.00	0.00	0.00

B REPORT CARD WITH ELD/TPIS AND DATA FAILURES

ELD	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00
TPIS	0.00	1.00	0.00	1.00	0.00	0.00	0.00	0.00

COSB

ROW SEQ #	GROSS DOLLARS TO DISALLOW AFTER APPLYING ELD/TPIS DISALLOWANCE FACTORS				9 BA CUVV	10 BA DSDE	11 BA PAPA	12 BA NJNJ	13 BS SBFL	14 BS SBGA	15 BS SBNC	16 BS SBSC
	GROSS DISALLOWANCES BEFORE ADJUSTMENTS				36,793	8,163	64,992	204,943	78,888	31,705	25,150	67,494
1	GSF		GSF	1	0	0	38,863	59,395	0	0	0	0
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	0	0	0	0	0	0	0	0
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	0	5,118	11,555	0	51,024	8,031	12,962	5,197
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	9,551	0	0	73,681	0	0	0	0
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	0	0	0	0	0	0	0	57,462
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	0	0	0	0	12,764	2,848	0	378
58	CWF		TOTAL EX LN CWF EX WDB	58	0	0	0	0	0	0	0	0
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	1,463	0	0	0	0	0	0	0
66	CWF	CAT 3	TOTAL IX CWF	66	11,311	0	0	0	0	0	0	0
81			TOTAL TANGIBLE ASSETS	81	0	0	0	0	0	0	0	0
87			TELCOM PLT UNDER CONS-SHT TERM	87	1,243	3,045	0	0	0	5,175	8,909	4,351
90			MATERIAL AND SUPPLIES	90	317	0	0	0	0	0	0	0
93			GENERAL SUPPORT EXP	93	0	0	0	0	0	0	0	0
94			CO EXP-CO SWITCHING EXP	94	5,094	0	14,574	13,038	0	0	0	0
96			COT EXP	96	0	0	0	13,368	0	0	0	0
101			CWF EXPENSES	101	0	0	0	16,794	0	0	0	0
105			TOTAL NETWK OP EXP	105	7,813	0	0	0	0	0	0	0
115	CUST OPER		MKG EXP	115	0	0	0	21,454	0	0	0	0
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	0	0	0	0	0	0	0	106
173	CUST SERV		TOTAL CUST SVC EXP	173	0	0	0	7,213	0	0	0	0
176			CORP OP EXP EXEC & PLAN EXP	176	0	0	0	0	0	0	0	0
179			TOTAL GEN AND ADMIN EXP	179	0	0	0	0	15,100	15,651	3,279	0
			ADJUSTMENTS		(3,023)	(8,163)	(64,992)	(170,120)	(78,888)	(31,705)	(25,150)	(9,926)
	FINAL DISALLOWANCES AFTER ADJUSTMENTS				33,769	0	0	34,823	0	0	0	57,568
1	GSF		GSF	1	0	0	0	0	0	0	0	0
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	0	0	0	0	0	0	0	0
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	0	0	0	0	0	0	0	0
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	9,551	0	0	0	0	0	0	0
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	0	0	0	0	0	0	0	57,462
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	0	0	0	0	0	0	0	0
58	CWF		TOTAL EX LN CWF EX WDB	58	0	0	0	0	0	0	0	0
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	0	0	0	0	0	0	0	0
66	CWF	CAT 3	TOTAL IX CWF	66	11,311	0	0	0	0	0	0	0
81			TOTAL TANGIBLE ASSETS	81	0	0	0	0	0	0	0	0
87			TELCOM PLT UNDER CONS-SHT TERM	87	0	0	0	0	0	0	0	0
90			MATERIAL AND SUPPLIES	90	0	0	0	0	0	0	0	0
93			GENERAL SUPPORT EXP	93	0	0	0	0	0	0	0	0
94			CO EXP-CO SWITCHING EXP	94	5,094	0	0	0	0	0	0	0
96			COT EXP	96	0	0	0	13,368	0	0	0	0
101			CWF EXPENSES	101	0	0	0	0	0	0	0	0
105			TOTAL NETWK OP EXP	105	7,813	0	0	0	0	0	0	0
115	CUST OPER		MKG EXP	115	0	0	0	21,454	0	0	0	0
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	0	0	0	0	0	0	0	106
173	CUST SERV		TOTAL CUST SVC EXP	173	0	0	0	0	0	0	0	0
176			CORP OP EXP EXEC & PLAN EXP	176	0	0	0	0	0	0	0	0
179			TOTAL GEN AND ADMIN EXP	179	0	0	0	0	0	0	0	0

173	CUST SERV			TOTAL CUST SVC EXP	173	0	0	0	0	0	0	0	0	0	0	0	0	0	0
176				CORP OP EXP EXEC & PLAN EXP	176	0	0	0	0	0	0	0	0	0	0	0	0	0	0
179				TOTAL GEN AND ADMIN EXP	179	0	0	0	0	0	0	0	0	0	0	0	0	0	0

1 OUTLIERS = STUDY AREA WHERE THE % CHANGE IS GREATER THAN THE MEAN PLUS THE STANDARD DEVIATION
2 OUTLIERS WITH PASSING REPORT CARDS REDUCED TO STANDARD DEVIATION
3 OUTLIERS WITH FAILING REPORT CARDS REDUCED TO MEAN

TIER 1 OUTLIER ANALYSIS

A REPORT CARD

ELD	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00
TPIS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

B REPORT CARD WITH ELD/TPIS AND DATA FAILURES

ELD	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00
TPIS	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00

COSB

ROW SEQ #	GROSS DOLLARS TO DISALLOW AFTER APPLYING ELD/TPIS DISALLOWANCE FACTORS					17 BS SCAL	18 BS SCKY	19 BS SCLA	20 BS SCMS	21 BS SCTN	22 NX NEME	23 NX NEMA	24 NX NENH
GROSS DISALLOWANCES BEFORE ADJUSTMENTS						43,928	14,971	17,999	33,401	33,652	19,893	192,270	20,329
1	GSF		GSF		1	20,478	0	0	0	0	0	0	0
21	COE	CAT 2		TOTAL TANDEM SW EQPT	21	0	0	0	0	0	0	0	0
25	COE	CAT 3		TOTAL LOCAL SW EQPT	25	8,016	0	0	21,772	0	9,422	0	0
33	COE	CAT4.12		TOTAL EX TRUNK CKT EQPT	33	6,384	10,979	15,015	9,411	26,220	0	0	0
37	COE	CAT4.13		TOTAL EX LN CKT EQPT	37	0	0	0	0	0	0	0	0
47	COE	CAT4.23		TOTAL OTH IX CKT EQPT	47	0	0	0	0	0	0	0	0
58	CWF			TOTAL EX LN CWF EX WDB	58	0	0	0	0	0	0	76,584	17,038
62	CWF	CAT 2		TOTAL WDB AND EX TNK CWF	62	0	0	0	0	0	0	0	0
66	CWF	CAT 3	TOTAL IX CWF		66	0	0	0	0	0	0	0	0
81			TOTAL TANGIBLE ASSETS		81	0	0	0	0	0	0	0	0
87			TELCOM PLT UNDER CONS-SHT TERM		87	0	0	0	0	0	0	0	0
90			MATERIAL AND SUPPLIES		90	0	0	0	0	0	4,187	0	3,290
93			GENERAL SUPPORT EXP		93	0	654	72	278	3,935	0	0	0
94			CO EXP-CO SWITCHING EXP		94	0	3,220	0	0	3,087	0	0	0
96			COT EXP		96	475	0	1,425	0	0	0	0	0
101			CWF EXPENSES		101	0	0	0	0	0	0	0	0
105				TOTAL NETWK OP EXP	105	0	0	0	0	0	6,284	0	0
115	CUST OPER		MKG EXP		115	0	118	694	1,941	410	0	0	0
167	CUST SERV		TOTAL LOCAL BUS OFF EXP		167	0	0	0	0	0	0	42,134	0
173	CUST SERV			TOTAL CUST SVC EXP	173	5,892	0	793	0	0	0	0	0
176			CORP OP EXP EXEC & PLAN EXP		176	0	0	0	0	0	0	10,612	0
179				TOTAL GEN AND ADMIN EXP	179	2,682	0	0	0	0	0	62,940	0
			ADJUSTMENTS			(8,574)	(118)	(864)	(278)	0	0	(76,584)	0
FINAL DISALLOWANCES AFTER ADJUSTMENTS						35,354	14,853	17,135	33,123	33,652	19,893	115,686	20,329
1	GSF		GSF		1	20,478	0	0	0	0	0	0	0
21	COE	CAT 2		TOTAL TANDEM SW EQPT	21	0	0	0	0	0	0	0	0
25	COE	CAT 3		TOTAL LOCAL SW EQPT	25	8,016	0	0	21,772	0	9,422	0	0
33	COE	CAT4.12		TOTAL EX TRUNK CKT EQPT	33	6,384	10,979	15,015	9,411	26,220	0	0	0
37	COE	CAT4.13		TOTAL EX LN CKT EQPT	37	0	0	0	0	0	0	0	0
47	COE	CAT4.23		TOTAL OTH IX CKT EQPT	47	0	0	0	0	0	0	0	0
58	CWF			TOTAL EX LN CWF EX WDB	58	0	0	0	0	0	0	0	17,038
62	CWF	CAT 2		TOTAL WDB AND EX TNK CWF	62	0	0	0	0	0	0	0	0
66	CWF	CAT 3	TOTAL IX CWF		66	0	0	0	0	0	0	0	0
81			TOTAL TANGIBLE ASSETS		81	0	0	0	0	0	0	0	0
87			TELCOM PLT UNDER CONS-SHT TERM		87	0	0	0	0	0	0	0	0
90			MATERIAL AND SUPPLIES		90	0	0	0	0	0	4,187	0	3,290
93			GENERAL SUPPORT EXP		93	0	654	0	0	3,935	0	0	0
94			CO EXP-CO SWITCHING EXP		94	0	3,220	0	0	3,087	0	0	0
96			COT EXP		96	475	0	1,425	0	0	0	0	0
101			CWF EXPENSES		101	0	0	0	0	0	0	0	0
105				TOTAL NETWK OP EXP	105	0	0	0	0	0	6,284	0	0
115	CUST OPER		MKG EXP		115	0	0	694	1,941	410	0	0	0
167	CUST SERV		TOTAL LOCAL BUS OFF EXP		167	0	0	0	0	0	0	42,134	0
173	CUST SERV			TOTAL CUST SVC EXP	173	0	0	0	0	0	0	0	0
176			CORP OP EXP EXEC & PLAN EXP		176	0	0	0	0	0	0	10,612	0
179				TOTAL GEN AND ADMIN EXP	179	0	0	0	0	0	0	62,940	0

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2 OUTLIERS WITH PASSING REPORT CARDS REDUCED TO STANDARD DEVIATION
3 OUTLIERS WITH FAILING REPORT CARDS REDUCED TO MEAN

TIER 1 OUTLIER ANALYSIS

A REPORT CARD

ELD	1.00	1.00	0.00	1.00	1.00	1.00	1.00	1.00
TPIS	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00

B REPORT CARD WITH ELD/TPIS AND DATA FAILURES

ELD	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
TPIS	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

COSB

ROW SEQ #	GROSS DOLLARS TO DISALLOW AFTER APPLYING ELD/TPIS DISALLOWANCE FACTORS				25 NX NERI	26 NX NEVT	27 NX NYNY	28 PT PTCA	29 PT PTNV	30 SW SWAR	31 SW SWKS	32 SW SWMO
	GROSS DISALLOWANCES BEFORE ADJUSTMENTS				58	1,145	5,636	0	5,157	0	2,456	59,916
1	GSF		GSF	1	0	0	0	0	0	0	0	0
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	58	0	0	0	0	0	0	0
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	0	0	0	0	2,904	0	0	0
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	0	0	0	0	0	0	0	0
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	0	0	0	0	0	0	0	0
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	0	0	0	0	0	0	0	0
58	CWF		TOTAL EX LN CWF EX WDB	58	0	0	0	0	0	0	0	0
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	0	0	0	0	0	0	0	0
66	CWF	CAT 3	TOTAL IX CWF	66	0	0	0	0	0	0	0	0
81			TOTAL TANGIBLE ASSETS	81	0	0	0	0	0	0	0	0
87			TELCOM PLT UNDER CONS-SHT TERM	87	0	0	0	0	0	0	0	0
90			MATERIAL AND SUPPLIES	90	0	1,145	0	0	0	0	0	0
93			GENERAL SUPPORT EXP	93	0	0	0	0	1,823	0	0	0
94			CO EXP-CO SWITCHING EXP	94	0	0	0	0	0	0	2,456	0
96			COT EXP	96	0	0	0	0	0	0	0	0
101			CWF EXPENSES	101	0	0	0	0	0	0	0	12,026
105			TOTAL NETWK OP EXP	105	0	0	0	0	0	0	0	47,890
115	CUST OPER		MKG EXP	115	0	0	0	0	431	0	0	0
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	0	0	0	0	0	0	0	0
173	CUST SERV		TOTAL CUST SVC EXP	173	0	0	0	0	0	0	0	0
176			CORP OP EXP EXEC & PLAN EXP	176	0	0	5,636	0	0	0	0	0
179			TOTAL GEN AND ADMIN EXP	179	0	0	0	0	0	0	0	0
			ADJUSTMENTS		(58)	0	(5,636)	0	(3,335)	0	(2,456)	0
	FINAL DISALLOWANCES AFTER ADJUSTMENTS				0	1,145	0	0	1,823	0	0	59,916
1	GSF		GSF	1	0	0	0	0	0	0	0	0
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	0	0	0	0	0	0	0	0
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	0	0	0	0	0	0	0	0
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	0	0	0	0	0	0	0	0
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	0	0	0	0	0	0	0	0
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	0	0	0	0	0	0	0	0
58	CWF		TOTAL EX LN CWF EX WDB	58	0	0	0	0	0	0	0	0
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	0	0	0	0	0	0	0	0
66	CWF	CAT 3	TOTAL IX CWF	66	0	0	0	0	0	0	0	0
81			TOTAL TANGIBLE ASSETS	81	0	0	0	0	0	0	0	0
87			TELCOM PLT UNDER CONS-SHT TERM	87	0	0	0	0	0	0	0	0
90			MATERIAL AND SUPPLIES	90	0	1,145	0	0	0	0	0	0
93			GENERAL SUPPORT EXP	93	0	0	0	0	1,823	0	0	0
94			CO EXP-CO SWITCHING EXP	94	0	0	0	0	0	0	0	0
96			COT EXP	96	0	0	0	0	0	0	0	0
101			CWF EXPENSES	101	0	0	0	0	0	0	0	12,026
105			TOTAL NETWK OP EXP	105	0	0	0	0	0	0	0	47,890
115	CUST OPER		MKG EXP	115	0	0	0	0	0	0	0	0
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	0	0	0	0	0	0	0	0
173	CUST SERV		TOTAL CUST SVC EXP	173	0	0	0	0	0	0	0	0
176			CORP OP EXP EXEC & PLAN EXP	176	0	0	0	0	0	0	0	0
179			TOTAL GEN AND ADMIN EXP	179	0	0	0	0	0	0	0	0

| | | |

1 OUTLIERS = STUDY AREA WHERE THE % CHANGE IS GREATER THAN THE MEAN PLUS THE STANDARD DEVIATION
2 OUTLIERS WITH PASSING REPORT CARDS REDUCED TO STANDARD DEVIATION
3 OUTLIERS WITH FAILING REPORT CARDS REDUCED TO MEAN

TIER 1 OUTLIER ANALYSIS

A REPORT CARD

ELD	1.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00
TPIS	1.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00

B REPORT CARD WITH ELD/TPIS AND DATA FAILURES

ELD	1.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00
TPIS	1.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00

COS8

ROW SEQ #	GROSS DOLLARS TO DISALLOW AFTER APPLYING ELD/TPIS DISALLOWANCE FACTORS					41 US MSWY	42 US NWIA	43 US NWMN	44 US NWNE	45 US NWND	46 US NWSD	47 US PNID	48 US PNOR
	GROSS DISALLOWANCES BEFORE ADJUSTMENTS					25,251	1,279	42,930	55,113	7,603	29,448	2,133	39,438
1	GSF		GSF		1	0	0	11,032	29,470	0	0	0	0
21	COE	CAT 2		TOTAL TANDEM SW EQPT	21	3,771	0	0	5,796	3,907	0	115	0
25	COE	CAT 3		TOTAL LOCAL SW EQPT	25	0	0	0	0	0	4,839	0	0
33	COE	CAT4.12		TOTAL EX TRUNK CKT EQPT	33	17,976	0	0	4,097	2,510	7,767	0	16,460
37	COE	CAT4.13		TOTAL EX LN CKT EQPT	37	0	0	0	8,380	0	2,088	1,390	11,724
47	COE	CAT4.23		TOTAL OTH IX CKT EQPT	47	0	1,279	6,499	0	0	0	0	0
58	CWF			TOTAL EX LN CWF EX WDB	58	0	0	0	779	171	9,695	0	0
62	CWF	CAT 2		TOTAL WDB AND EX TNK CWF	62	0	0	0	0	0	1,422	0	0
66	CWF	CAT 3	TOTAL IX CWF		66	0	0	0	0	0	0	0	8,346
81			TOTAL TANGIBLE ASSETS		81	0	0	0	0	0	0	0	0
87			TELCOM PLT UNDER CONS-SHT TERM		87	3,504	0	0	5,944	0	3,478	277	2,908
90			MATERIAL AND SUPPLIES		90	0	0	0	0	0	0	251	0
93			GENERAL SUPPORT EXP		93	0	0	0	0	0	0	0	0
94			CO EXP-CO SWITCHING EXP		94	0	0	0	0	1,015	0	99	0
96			COT EXP		96	0	0	0	0	0	0	0	0
101			CWF EXPENSES		101	0	0	0	0	0	0	0	0
105				TOTAL NETWK OP EXP	105	0	0	25,399	0	0	0	0	0
115	CUST OPER		MKG EXP		115	0	0	0	0	0	0	0	0
167	CUST SERV		TOTAL LOCAL BUS OFF EXP		167	0	0	0	0	0	0	0	0
173	CUST SERV			TOTAL CUST SVC EXP	173	0	0	0	0	0	159	0	0
176			CORP OP EXP EXEC & PLAN EXP		176	0	0	0	647	0	0	0	0
179				TOTAL GEN AND ADMIN EXP	179	0	0	0	0	0	0	0	0
			ADJUSTMENTS			(3,504)	0	(17,532)	(6,722)	0	(1,582)	(491)	(22,978)
	FINAL DISALLOWANCES AFTER ADJUSTMENTS					21,746	1,279	25,399	48,391	7,603	27,866	1,642	16,460
1	GSF		GSF		1	0	0	0	29,470	0	0	0	0
21	COE	CAT 2		TOTAL TANDEM SW EQPT	21	3,771	0	0	5,796	3,907	0	0	0
25	COE	CAT 3		TOTAL LOCAL SW EQPT	25	0	0	0	0	0	4,839	0	0
33	COE	CAT4.12		TOTAL EX TRUNK CKT EQPT	33	17,976	0	0	4,097	2,510	7,767	0	16,460
37	COE	CAT4.13		TOTAL EX LN CKT EQPT	37	0	0	0	8,380	0	2,088	1,390	0
47	COE	CAT4.23		TOTAL OTH IX CKT EQPT	47	0	1,279	0	0	0	0	0	0
58	CWF			TOTAL EX LN CWF EX WDB	58	0	0	0	0	171	9,695	0	0
62	CWF	CAT 2		TOTAL WDB AND EX TNK CWF	62	0	0	0	0	0	0	0	0
66	CWF	CAT 3	TOTAL IX CWF		66	0	0	0	0	0	0	0	0
81			TOTAL TANGIBLE ASSETS		81	0	0	0	0	0	0	0	0
87			TELCOM PLT UNDER CONS-SHT TERM		87	0	0	0	0	0	3,478	0	0
90			MATERIAL AND SUPPLIES		90	0	0	0	0	0	0	251	0
93			GENERAL SUPPORT EXP		93	0	0	0	0	0	0	0	0
94			CO EXP-CO SWITCHING EXP		94	0	0	0	0	1,015	0	0	0
96			COT EXP		96	0	0	0	0	0	0	0	0
101			CWF EXPENSES		101	0	0	0	0	0	0	0	0
105				TOTAL NETWK OP EXP	105	0	0	25,399	0	0	0	0	0
115	CUST OPER		MKG EXP		115	0	0	0	0	0	0	0	0
167	CUST SERV		TOTAL LOCAL BUS OFF EXP		167	0	0	0	0	0	0	0	0
173	CUST SERV			TOTAL CUST SVC EXP	173	0	0	0	0	0	0	0	0
176			CORP OP EXP EXEC & PLAN EXP		176	0	0	0	647	0	0	0	0
179				TOTAL GEN AND ADMIN EXP	179	0	0	0	0	0	0	0	0

1 OUTLIERS = STUDY AREA WHERE THE % CHANGE
IS GREATER THAN THE MEAN PLUS THE STANDARD
DEVIATION
2 OUTLIERS WITH PASSING REPORT CARDS
REDUCED TO STANDARD DEVIATION
3 OUTLIERS WITH FAILING REPORT CARDS
REDUCED TO MEAN

TIER 1 OUTLIER ANALYSIS

A REPORT CARD

ELD	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00
TPIS	1.00	0.00	0.00	1.00	0.00	1.00	1.00	1.00

B REPORT CARD WITH ELD/TPIS AND DATA FAILURES

ELD	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
TPIS	1.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00

COSB

ROW SEQ #	GROSS DOLLARS TO DISALLOW AFTER APPLYING ELD/TPIS DISALLOWANCE FACTORS					49 US PNWA	50 CE CEFL	51 CE CENV	52 CB CBTC	53 CO COCA	54 CO CONY	55 CO COTX	56 CO COVA
	GROSS DISALLOWANCES BEFORE ADJUSTMENTS					50,850	6,959	953	26,231	16,143	12,191	15,344	53,682
1	GSF		GSF		1	0	0	0	0	8,183	0	3,311	8,702
21	COE	CAT 2	TOTAL TANDEM SW EQPT		21	40,972	0	0	0	0	0	0	0
25	COE	CAT 3	TOTAL LOCAL SW EQPT		25	0	2,809	0	0	0	0	7,201	0
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT		33	0	0	0	0	0	0	0	0
37	COE	CAT4.13	TOTAL EX LN CKT EQPT		37	0	0	0	0	0	0	0	0
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT		47	0	0	0	0	0	0	0	0
58	CWF		TOTAL EX LN CWF EX WDB		58	0	1,597	0	21,570	0	12,191	0	29,064
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF		62	0	0	0	0	0	0	0	0
66	CWF	CAT 3	TOTAL IX CWF		66	0	0	0	0	0	0	0	0
81			TOTAL TANGIBLE ASSETS		81	0	0	0	0	0	0	0	0
87			TELCOM PLT UNDER CONS-SHT TERM		87	0	0	133	2,921	0	0	0	0
90			MATERIAL AND SUPPLIES		90	0	0	149	1,212	0	0	0	0
93			GENERAL SUPPORT EXP		93	9,878	930	0	0	0	0	0	1,677
94			CO EXP-CO SWITCHING EXP		94	0	1,077	671	0	0	0	910	1,685
96			COT EXP		96	0	236	0	0	568	0	0	556
101			CWF EXPENSES		101	0	0	0	0	0	0	1,561	0
105			TOTAL NETWK OP EXP		105	0	0	0	0	0	0	0	3,972
115	CUST OPER		MKG EXP		115	0	310	0	0	2,238	0	1,172	688
167	CUST SERV		TOTAL LOCAL BUS OFF EXP		167	0	0	0	0	2,470	0	1,190	2,146
173	CUST SERV		TOTAL CUST SVC EXP		173	0	0	0	0	2,684	0	0	0
176			CORP OP EXP EXEC & PLAN EXP		176	0	0	0	528	0	0	0	0
179			TOTAL GEN AND ADMIN EXP		179	0	0	0	0	0	0	0	5,193
			ADJUSTMENTS			0	(1,476)	(953)	(26,231)	0	0	(3,311)	(15,595)
	FINAL DISALLOWANCES AFTER ADJUSTMENTS					50,850	5,483	0	0	16,143	12,191	12,033	38,088
1	GSF		GSF		1	0	0	0	0	8,183	0	0	0
21	COE	CAT 2	TOTAL TANDEM SW EQPT		21	40,972	0	0	0	0	0	0	0
25	COE	CAT 3	TOTAL LOCAL SW EQPT		25	0	2,809	0	0	0	0	7,201	0
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT		33	0	0	0	0	0	0	0	0
37	COE	CAT4.13	TOTAL EX LN CKT EQPT		37	0	0	0	0	0	0	0	0
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT		47	0	0	0	0	0	0	0	0
58	CWF		TOTAL EX LN CWF EX WDB		58	0	1,597	0	0	0	12,191	0	29,064
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF		62	0	0	0	0	0	0	0	0
66	CWF	CAT 3	TOTAL IX CWF		66	0	0	0	0	0	0	0	0
81			TOTAL TANGIBLE ASSETS		81	0	0	0	0	0	0	0	0
87			TELCOM PLT UNDER CONS-SHT TERM		87	0	0	0	0	0	0	0	0
90			MATERIAL AND SUPPLIES		90	0	0	0	0	0	0	0	0
93			GENERAL SUPPORT EXP		93	9,878	0	0	0	0	0	0	0
94			CO EXP-CO SWITCHING EXP		94	0	1,077	0	0	0	0	910	1,685
96			COT EXP		96	0	0	0	0	568	0	0	0
101			CWF EXPENSES		101	0	0	0	0	0	0	1,561	0
105			TOTAL NETWK OP EXP		105	0	0	0	0	0	0	0	0
115	CUST OPER		MKG EXP		115	0	0	0	0	2,238	0	1,172	0
167	CUST SERV		TOTAL LOCAL BUS OFF EXP		167	0	0	0	0	2,470	0	1,190	2,146
173	CUST SERV		TOTAL CUST SVC EXP		173	0	0	0	0	2,684	0	0	0
176			CORP OP EXP EXEC & PLAN EXP		176	0	0	0	0	0	0	0	0
179			TOTAL GEN AND ADMIN EXP		179	0	0	0	0	0	0	0	5,193

TIER 1 OUTLIER ANALYSIS

1 OUTLIERS = STUDY AREA WHERE THE % CHANGE IS GREATER THAN THE MEAN PLUS THE STANDARD DEVIATION
2 OUTLIERS WITH PASSING REPORT CARDS REDUCED TO STANDARD DEVIATION
3 OUTLIERS WITH FAILING REPORT CARDS REDUCED TO MEAN

A REPORT CARD

ELD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TPIS	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00

B REPORT CARD WITH ELD/TPIS AND DATA FAILURES

ELD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TPIS	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00

COS8

ROW SEQ #	GROSS DOLLARS TO DISALLOW AFTER APPLYING ELD/TPIS DISALLOWANCE FACTORS				57 GT GTCA	58 GT GTFL	59 GT GTID	60 GT GTMT	61 GT GTOR	62 GT GTWA	63 GT GNCA	64 GT GTAL
	GROSS DISALLOWANCES BEFORE ADJUSTMENTS				127,220	125,040	560	70	9,477	17,026	2,126	7,790
1	GSF		GSF	1	0	0	29	4	1,781	9,253	431	0
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	0	0	0	0	6,813	6,050	260	0
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	0	0	0	0	0	0	542	0
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	0	48,225	32	0	0	0	0	0
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	0	0	0	0	0	0	477	1,569
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	0	0	0	0	550	0	0	0
58	CWF		TOTAL EX LN CWF EX WDB	58	127,220	73,163	0	0	0	0	337	5,400
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	0	0	0	0	0	0	0	13
66	CWF	CAT 3	TOTAL IX CWF	66	0	0	0	0	0	0	0	0
81			TOTAL TANGIBLE ASSETS	81	0	0	0	0	0	0	0	0
87			TELCOM PLT UNDER CONS-SHT TERM	87	0	0	0	0	0	0	0	0
90			MATERIAL AND SUPPLIES	90	0	0	0	0	0	0	0	0
93			GENERAL SUPPORT EXP	93	0	0	0	0	0	0	0	786
94			CO EXP-CO SWITCHING EXP	94	0	1,918	0	0	0	1,598	0	0
96			COT EXP	96	0	0	0	0	0	0	8	0
101			CWF EXPENSES	101	0	0	0	0	0	0	0	0
105			TOTAL NETWK OP EXP	105	0	0	0	0	0	0	0	0
115	CUST OPER		MKG EXP	115	0	1,735	401	43	157	0	67	0
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	0	0	0	0	0	0	0	0
173	CUST SERV		TOTAL CUST SVC EXP	173	0	0	98	5	176	126	4	0
176			CORP OP EXP EXEC & PLAN EXP	176	0	0	0	0	0	0	0	22
179			TOTAL GEN AND ADMIN EXP	179	0	0	0	18	0	0	0	0
			ADJUSTMENTS		0	0	(130)	(5)	(2,663)	(126)	(4)	(35)
	FINAL DISALLOWANCES AFTER ADJUSTMENTS				127,220	125,040	431	64	6,813	16,901	2,123	7,755
1	GSF		GSF	1	0	0	29	4	0	9,253	431	0
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	0	0	0	0	6,813	6,050	260	0
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	0	0	0	0	0	0	542	0
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	0	48,225	0	0	0	0	0	0
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	0	0	0	0	0	0	477	1,569
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	0	0	0	0	0	0	0	0
58	CWF		TOTAL EX LN CWF EX WDB	58	127,220	73,163	0	0	0	0	337	5,400
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	0	0	0	0	0	0	0	0
66	CWF	CAT 3	TOTAL IX CWF	66	0	0	0	0	0	0	0	0
81			TOTAL TANGIBLE ASSETS	81	0	0	0	0	0	0	0	0
87			TELCOM PLT UNDER CONS-SHT TERM	87	0	0	0	0	0	0	0	0
90			MATERIAL AND SUPPLIES	90	0	0	0	0	0	0	0	0
93			GENERAL SUPPORT EXP	93	0	0	0	0	0	0	0	786
94			CO EXP-CO SWITCHING EXP	94	0	1,918	0	0	0	1,598	0	0
96			COT EXP	96	0	0	0	0	0	0	8	0
101			CWF EXPENSES	101	0	0	0	0	0	0	0	0
105			TOTAL NETWK OP EXP	105	0	0	0	0	0	0	0	0
115	CUST OPER		MKG EXP	115	0	1,735	401	43	0	0	67	0
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	0	0	0	0	0	0	0	0
173	CUST SERV		TOTAL CUST SVC EXP	173	0	0	0	0	0	0	0	0
176			CORP OP EXP EXEC & PLAN EXP	176	0	0	0	0	0	0	0	0
179			TOTAL GEN AND ADMIN EXP	179	0	0	0	18	0	0	0	0

179			TOTAL GEN AND ADMIN EXP	179	0	0	0	18	0	0	0	0

1 OUTLIERS = STUDY AREA WHERE THE % CHANGE IS GREATER THAN THE MEAN PLUS THE STANDARD DEVIATION
2 OUTLIERS WITH PASSING REPORT CARDS REDUCED TO STANDARD DEVIATION
3 OUTLIERS WITH FAILING REPORT CARDS REDUCED TO MEAN

TIER 1 OUTLIER ANALYSIS

A REPORT CARD

ELD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
TPIS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00

B REPORT CARD WITH ELD/TPIS AND DATA FAILURES

ELD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
TPIS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00

COSB

ROW SEQ #	GROSS DOLLARS TO DISALLOW AFTER APPLYING ELD/TPIS DISALLOWANCE FACTORS					65 GT GTGA	66 GT GTKY	67 GT GTNC	68 GT GTSC	69 GT GTTN	70 GT GTVA	71 GT GTWV	72 GT GTAR
	GROSS DISALLOWANCES BEFORE ADJUSTMENTS					10,468	2,471	9,314	9,462	1,133	915	2,637	3,961
1	GSF		GSF		1	0	0	5,505	0	0	0	0	2,754
21	COE	CAT 2	TOTAL TANDEM SW EQPT		21	0	0	0	0	0	0	0	0
25	COE	CAT 3	TOTAL LOCAL SW EQPT		25	0	0	356	1,833	857	0	0	0
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT		33	0	0	0	0	0	44	0	708
37	COE	CAT4.13	TOTAL EX LN CKT EQPT		37	0	0	0	0	0	0	0	0
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT		47	0	0	1,202	0	0	0	0	0
58	CWF		TOTAL EX LN CWF EX WDB		58	9,854	0	1,305	7,484	0	0	2,336	0
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF		62	0	0	0	26	0	25	0	0
66	CWF	CAT 3	TOTAL IX CWF		66	0	0	0	0	0	0	0	500
81			TOTAL TANGIBLE ASSETS		81	0	0	0	0	0	38	0	0
87			TELCOM PLT UNDER CONS-SHT TERM		87	0	0	0	0	0	0	0	0
90			MATERIAL AND SUPPLIES		90	0	0	0	0	0	0	0	0
93			GENERAL SUPPORT EXP		93	583	886	800	0	103	0	105	0
94			CO EXP-CO SWITCHING EXP		94	0	0	91	0	0	0	0	0
96			COT EXP		96	0	0	0	0	2	0	171	0
101			CWF EXPENSES		101	0	0	0	0	0	609	0	0
105			TOTAL NETWK OP EXP		105	0	0	0	0	0	0	24	0
115	CUST OPER		MKG EXP		115	0	0	0	0	0	15	0	0
167	CUST SERV		TOTAL LOCAL BUS OFF EXP		167	0	0	0	0	0	0	0	0
173	CUST SERV		TOTAL CUST SVC EXP		173	0	1,585	0	94	171	183	0	0
176			CORP OP EXP EXEC & PLAN EXP		176	31	0	55	24	0	0	0	0
179			TOTAL GEN AND ADMIN EXP		179	0	0	0	0	0	0	0	0
			ADJUSTMENTS			(31)	(1,585)	(2,148)	(145)	(173)	(306)	0	(708)
	FINAL DISALLOWANCES AFTER ADJUSTMENTS					10,437	886	7,165	9,317	960	609	2,637	3,253
1	GSF		GSF		1	0	0	5,505	0	0	0	0	2,754
21	COE	CAT 2	TOTAL TANDEM SW EQPT		21	0	0	0	0	0	0	0	0
25	COE	CAT 3	TOTAL LOCAL SW EQPT		25	0	0	356	1,833	857	0	0	0
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT		33	0	0	0	0	0	0	0	0
37	COE	CAT4.13	TOTAL EX LN CKT EQPT		37	0	0	0	0	0	0	0	0
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT		47	0	0	0	0	0	0	0	0
58	CWF		TOTAL EX LN CWF EX WDB		58	9,854	0	1,305	7,484	0	0	2,336	0
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF		62	0	0	0	0	0	0	0	0
66	CWF	CAT 3	TOTAL IX CWF		66	0	0	0	0	0	0	0	500
81			TOTAL TANGIBLE ASSETS		81	0	0	0	0	0	0	0	0
87			TELCOM PLT UNDER CONS-SHT TERM		87	0	0	0	0	0	0	0	0
90			MATERIAL AND SUPPLIES		90	0	0	0	0	0	0	0	0
93			GENERAL SUPPORT EXP		93	583	886	0	0	103	0	105	0
94			CO EXP-CO SWITCHING EXP		94	0	0	0	0	0	0	0	0
96			COT EXP		96	0	0	0	0	0	0	171	0
101			CWF EXPENSES		101	0	0	0	0	0	609	0	0
105			TOTAL NETWK OP EXP		105	0	0	0	0	0	0	24	0
115	CUST OPER		MKG EXP		115	0	0	0	0	0	0	0	0
167	CUST SERV		TOTAL LOCAL BUS OFF EXP		167	0	0	0	0	0	0	0	0
173	CUST SERV		TOTAL CUST SVC EXP		173	0	0	0	0	0	0	0	0
176			CORP OP EXP EXEC & PLAN EXP		176	0	0	0	0	0	0	0	0
179			TOTAL GEN AND ADMIN EXP		179	0	0	0	0	0	0	0	0

1 OUTLIERS = STUDY AREA WHERE THE % CHANGE IS GREATER THAN THE MEAN PLUS THE STANDARD DEVIATION
2 OUTLIERS WITH PASSING REPORT CARDS REDUCED TO STANDARD DEVIATION
3 OUTLIERS WITH FAILING REPORT CARDS REDUCED TO MEAN

TIER 1 OUTLIER ANALYSIS

A REPORT CARD

ELD	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
TPIS	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00

B REPORT CARD WITH ELD/TPIS AND DATA FAILURES

ELD	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
TPIS	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00

COS8

ROW SEQ #	GROSS DOLLARS TO DISALLOW AFTER APPLYING ELD/TPIS DISALLOWANCE FACTORS					73 GT GTNM	74 GT GTOK	75 GT GTTX	76 GT GTIL	77 GT GTIN	78 GT GTIA	79 GT GTMI	80 GT GTMN
GROSS DISALLOWANCES BEFORE ADJUSTMENTS						5,893	12,252	90,892	7,788	12,207	0	34,903	418
1	GSF		GSF		1	2,598	3,613	35,079	0	0	0	0	0
21	COE	CAT 2	TOTAL TANDEM SW EQPT		21	0	0	0	0	0	0	0	0
25	COE	CAT 3	TOTAL LOCAL SW EQPT		25	0	0	0	0	0	0	2,108	268
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT		33	2,982	3,426	30,547	0	0	0	0	0
37	COE	CAT4.13	TOTAL EX LN CKT EQPT		37	0	0	0	0	0	0	0	0
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT		47	0	0	0	0	0	0	0	0
58	CWF		TOTAL EX LN CWF EX WDB		58	0	0	0	0	0	0	5,284	0
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF		62	0	0	0	0	0	0	0	0
66	CWF	CAT 3	TOTAL IX CWF		66	0	0	0	0	0	0	0	0
81			TOTAL TANGIBLE ASSETS		81	0	0	0	167	0	0	0	0
87			TELCOM PLT UNDER CONS-SHT TERM		87	313	4,717	25,267	0	0	0	0	0
90			MATERIAL AND SUPPLIES		90	0	0	0	0	0	0	0	0
93			GENERAL SUPPORT EXP		93	0	0	0	0	11,484	0	0	37
94			CO EXP-CO SWITCHING EXP		94	0	0	0	0	0	0	0	0
96			COT EXP		96	0	0	0	0	0	0	0	0
101			CWF EXPENSES		101	0	0	0	0	0	0	0	0
105			TOTAL NETWK OP EXP		105	0	0	0	0	0	0	27,511	41
115	CUST OPER		MKG EXP		115	0	0	0	0	0	0	0	8
167	CUST SERV		TOTAL LOCAL BUS OFF EXP		167	0	496	0	0	0	0	0	13
173	CUST SERV		TOTAL CUST SVC EXP		173	0	0	0	0	0	0	0	20
176			CORP OP EXP EXEC & PLAN EXP		176	0	0	0	0	723	0	0	4
179			TOTAL GEN AND ADMIN EXP		179	0	0	0	7,621	0	0	0	26
			ADJUSTMENTS			(313)	0	0	(167)	0	0	0	(58)
FINAL DISALLOWANCES AFTER ADJUSTMENTS						5,580	12,252	90,892	7,621	12,207	0	34,903	360
1	GSF		GSF		1	2,598	3,613	35,079	0	0	0	0	0
21	COE	CAT 2	TOTAL TANDEM SW EQPT		21	0	0	0	0	0	0	0	0
25	COE	CAT 3	TOTAL LOCAL SW EQPT		25	0	0	0	0	0	0	2,108	268
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT		33	2,982	3,426	30,547	0	0	0	0	0
37	COE	CAT4.13	TOTAL EX LN CKT EQPT		37	0	0	0	0	0	0	0	0
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT		47	0	0	0	0	0	0	0	0
58	CWF		TOTAL EX LN CWF EX WDB		58	0	0	0	0	0	0	5,284	0
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF		62	0	0	0	0	0	0	0	0
66	CWF	CAT 3	TOTAL IX CWF		66	0	0	0	0	0	0	0	0
81			TOTAL TANGIBLE ASSETS		81	0	0	0	0	0	0	0	0
87			TELCOM PLT UNDER CONS-SHT TERM		87	0	4,717	25,267	0	0	0	0	0
90			MATERIAL AND SUPPLIES		90	0	0	0	0	0	0	0	0
93			GENERAL SUPPORT EXP		93	0	0	0	0	11,484	0	0	37
94			CO EXP-CO SWITCHING EXP		94	0	0	0	0	0	0	0	0
96			COT EXP		96	0	0	0	0	0	0	0	0
101			CWF EXPENSES		101	0	0	0	0	0	0	0	0
105			TOTAL NETWK OP EXP		105	0	0	0	0	0	0	27,511	41
115	CUST OPER		MKG EXP		115	0	0	0	0	0	0	0	0
167	CUST SERV		TOTAL LOCAL BUS OFF EXP		167	0	496	0	0	0	0	0	13
173	CUST SERV		TOTAL CUST SVC EXP		173	0	0	0	0	0	0	0	0
176			CORP OP EXP EXEC & PLAN EXP		176	0	0	0	0	723	0	0	0
179			TOTAL GEN AND ADMIN EXP		179	0	0	0	7,621	0	0	0	0

179			TOTAL GEN AND ADMIN EXP	179		0	0	0	7,621	0	0	0	0	

TIER 1 OUTLIER ANALYSIS

1 OUTLIERS = STUDY AREA WHERE THE % CHANGE IS GREATER THAN THE MEAN PLUS THE STANDARD DEVIATION
2 OUTLIERS WITH PASSING REPORT CARDS REDUCED TO STANDARD DEVIATION
3 OUTLIERS WITH FAILING REPORT CARDS REDUCED TO MEAN

A REPORT CARD

ELD	1.00	1.00	1.00	1.00	1.00	1.00	0.00	1.00
TPIS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

B REPORT CARD WITH ELD/TPIS AND DATA FAILURES

ELD	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
TPIS	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00

COSB
ROW SEQ # — GROSS DOLLARS TO DISALLOW AFTER APPLYING ELD/TPIS DISALLOWANCE FACTORS

						81 GT GTMO	82 GT GTNE	83 GT GTOH	84 GT GTPA	85 GT GTWI	86 GT GTHI	87 LT LTNE	88 RT RTNY
GROSS DISALLOWANCES BEFORE ADJUSTMENTS						10,795	1,709	5,511	6,066	19,332	7,510	0	37,946
1	GSF		GSF	1		0	0	0	0	0	0	0	3,886
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21		0	0	0	0	0	0	0	0
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25		5,053	0	0	0	0	0	0	8,788
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33		0	0	0	0	0	0	0	0
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37		0	0	0	0	0	0	0	0
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47		0	0	0	0	0	0	0	0
58	CWF		TOTAL EX LN CWF EX WDB	58		362	0	0	0	0	2,027	0	10,166
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62		0	0	0	0	0	0	0	0
66	CWF	CAT 3	TOTAL IX CWF	66		0	0	0	0	0	0	0	0
81			TOTAL TANGIBLE ASSETS	81		130	28	283	29	0	0	0	4,839
87			TELCOM PLT UNDER CONS-SHT TERM	87		0	91	4,671	0	298	0	0	3,895
90			MATERIAL AND SUPPLIES	90		0	0	0	0	0	0	0	0
93			GENERAL SUPPORT EXP	93		2,033	455	0	0	0	2,434	0	2,129
94			CO EXP-CO SWITCHING EXP	94		0	215	0	3,078	2,937	0	0	0
96			COT EXP	96		0	0	0	0	0	0	0	0
101			CWF EXPENSES	101		0	0	0	0	0	3,049	0	0
105			TOTAL NETWK OP EXP	105		2,085	240	0	0	16,097	0	0	0
115	CUST OPER		MKG EXP	115		0	0	0	0	0	0	0	0
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167		307	0	0	0	0	0	0	0
173	CUST SERV		TOTAL CUST SVC EXP	173		147	0	0	0	0	0	0	0
176			CORP OP EXP EXEC & PLAN EXP	176		0	60	557	0	0	0	0	0
179			TOTAL GEN AND ADMIN EXP	179		678	621	0	2,958	0	0	0	4,244
			ADJUSTMENTS			(583)	(358)	(840)	(2,988)	0	(2,027)	0	(17,946)
FINAL DISALLOWANCES AFTER ADJUSTMENTS						10,211	1,351	4,671	3,078	19,332	5,483	0	20,000
1	GSF		GSF	1		0	0	0	0	0	0	0	0
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21		0	0	0	0	0	0	0	0
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25		5,053	0	0	0	0	0	0	8,788
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33		0	0	0	0	0	0	0	0
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37		0	0	0	0	0	0	0	0
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47		0	0	0	0	0	0	0	0
58	CWF		TOTAL EX LN CWF EX WDB	58		362	0	0	0	0	0	0	0
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62		0	0	0	0	0	0	0	0
66	CWF	CAT 3	TOTAL IX CWF	66		0	0	0	0	0	0	0	0
81			TOTAL TANGIBLE ASSETS	81		0	0	0	0	0	0	0	4,839
87			TELCOM PLT UNDER CONS-SHT TERM	87		0	0	4,671	0	298	0	0	0
90			MATERIAL AND SUPPLIES	90		0	0	0	0	0	0	0	0
93			GENERAL SUPPORT EXP	93		2,033	455	0	0	0	2,434	0	2,129
94			CO EXP-CO SWITCHING EXP	94		0	215	0	3,078	2,937	0	0	0
96			COT EXP	96		0	0	0	0	0	0	0	0
101			CWF EXPENSES	101		0	0	0	0	0	3,049	0	0
105			TOTAL NETWK OP EXP	105		2,085	0	0	0	16,097	0	0	0
115	CUST OPER		MKG EXP	115		0	0	0	0	0	0	0	0
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167		0	0	0	0	0	0	0	0
173	CUST SERV		TOTAL CUST SVC EXP	173		0	0	0	0	0	0	0	0
176			CORP OP EXP EXEC & PLAN EXP	176		0	60	0	0	0	0	0	0
179			TOTAL GEN AND ADMIN EXP	179		678	621	0	0	0	0	0	4,244

1 OUTLIERS = STUDY AREA WHERE THE % CHANGE IS GREATER THAN THE MEAN PLUS THE STANDARD DEVIATION
2 OUTLIERS WITH PASSING REPORT CARDS REDUCED TO STANDARD DEVIATION
3 OUTLIERS WITH FAILING REPORT CARDS REDUCED TO MEAN

TIER 1 OUTLIER ANALYSIS

A REPORT CARD

ELD	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
TPIS	1.00	1.00	0.00	0.00	1.00	0.00	0.00	0.00

B REPORT CARD WITH ELD/TPIS AND DATA FAILURES

ELD	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
TPIS	1.00	1.00	0.00	0.00	1.00	0.00	0.00	0.00

COS8

ROW SEQ #	GROSS DOLLARS TO DISALLOW AFTER APPLYING ELD/TPIS DISALLOWANCE FACTORS				89 SN SNCT	90 UT UTFL	91 UT UTIN	92 UT UTNC	93 UT UTOH	94 UT UTPA	95 UT UTTN	96 UT UTVA
	GROSS DISALLOWANCES BEFORE ADJUSTMENTS				97,577	61,271	9,795	12,226	3,039	10,071	4,022	2,980
1	GSF		GSF	1	27,776	8,511	0	0	0	8,175	0	0
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	0	0	0	0	0	0	3,900	886
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	0	0	5,852	0	0	1,896	0	0
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	0	0	0	0	0	0	0	0
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	29,883	0	0	0	0	0	0	0
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	0	0	0	0	0	0	0	1,180
58	CWF		TOTAL EX LN CWF EX WDB	58	39,918	50,230	243	0	0	0	0	0
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	0	0	0	0	0	0	0	103
66	CWF	CAT 3	TOTAL IX CWF	66	0	0	0	0	0	0	0	0
81			TOTAL TANGIBLE ASSETS	81	0	2,530	0	0	0	0	20	8
87			TELCOM PLT UNDER CONS-SHT TERM	87	0	0	0	0	0	0	0	0
90			MATERIAL AND SUPPLIES	90	0	0	0	0	0	0	0	0
93			GENERAL SUPPORT EXP	93	0	0	0	0	0	0	0	0
94			CO EXP-CO SWITCHING EXP	94	0	0	0	0	0	0	0	198
96			COT EXP	96	0	0	0	0	0	0	0	0
101			CWF EXPENSES	101	0	0	869	12,226	2,788	0	0	566
105			TOTAL NETWK OP EXP	105	0	0	2,073	0	0	0	0	0
115	CUST OPER		MKG EXP	115	0	0	419	0	250	0	102	38
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	0	0	339	0	0	0	0	0
173	CUST SERV		TOTAL CUST SVC EXP	173	0	0	0	0	0	0	0	0
176			CORP OP EXP EXEC & PLAN EXP	176	0	0	0	0	0	0	0	0
179			TOTAL GEN AND ADMIN EXP	179	0	0	0	0	0	0	0	0
			ADJUSTMENTS		(67,694)	(11,041)	(758)	0	(250)	0	(122)	(348)
	FINAL DISALLOWANCES AFTER ADJUSTMENTS				29,883	50,230	9,037	12,226	2,788	10,071	3,900	2,632
1	GSF		GSF	1	0	0	0	0	0	8,175	0	0
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	0	0	0	0	0	0	3,900	886
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	0	0	5,852	0	0	1,896	0	0
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	0	0	0	0	0	0	0	0
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	29,883	0	0	0	0	0	0	0
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	0	0	0	0	0	0	0	1,180
58	CWF		TOTAL EX LN CWF EX WDB	58	0	50,230	243	0	0	0	0	0
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	0	0	0	0	0	0	0	0
66	CWF	CAT 3	TOTAL IX CWF	66	0	0	0	0	0	0	0	0
81			TOTAL TANGIBLE ASSETS	81	0	0	0	0	0	0	0	0
87			TELCOM PLT UNDER CONS-SHT TERM	87	0	0	0	0	0	0	0	0
90			MATERIAL AND SUPPLIES	90	0	0	0	0	0	0	0	0
93			GENERAL SUPPORT EXP	93	0	0	0	0	0	0	0	0
94			CO EXP-CO SWITCHING EXP	94	0	0	0	0	0	0	0	0
96			COT EXP	96	0	0	0	0	0	0	0	0
101			CWF EXPENSES	101	0	0	869	12,226	2,788	0	0	566
105			TOTAL NETWK OP EXP	105	0	0	2,073	0	0	0	0	0
115	CUST OPER		MKG EXP	115	0	0	0	0	0	0	0	0
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	0	0	0	0	0	0	0	0
173	CUST SERV		TOTAL CUST SVC EXP	173	0	0	0	0	0	0	0	0
176			CORP OP EXP EXEC & PLAN EXP	176	0	0	0	0	0	0	0	0
179			TOTAL GEN AND ADMIN EXP	179	0	0	0	0	0	0	0	0

1 OUTLIERS = STUDY AREA WHERE THE % CHANGE
IS GREATER THAN THE MEAN PLUS THE STANDARD
DEVIATION
2 OUTLIERS WITH PASSING REPORT CARDS
REDUCED TO STANDARD DEVIATION
3 OUTLIERS WITH FAILING REPORT CARDS
REDUCED TO MEAN

TIER 1 OUTLIER ANALYSIS
TIER 1

A REPORT CARD

ELD	56
TPIS	35

B REPORT CARD WITH ELD/TPIS AND DATA FAILURES

ELD	61
TPIS	45

COSB

ROW SEQ #	GROSS DOLLARS TO DISALLOW AFTER APPLYING ELD/TPIS DISALLOWANCE FACTORS				$$ FINAL TOTAL
GROSS DISALLOWANCES BEFORE ADJUSTMENTS					$2,852,962
1	GSF		GSF	1	314,231
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	89,987
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	178,402
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	293,922
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	245,657
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	26,700
58	CWF		TOTAL EX LN CWF EX WDB	58	504,017
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	195,817
66	CWF	CAT 3	TOTAL IX CWF	66	126,552
81			TOTAL TANGIBLE ASSETS	81	15,663
87			TELCOM PLT UNDER CONS-SHT TERM	87	137,028
90			MATERIAL AND SUPPLIES	90	37,825
93			GENERAL SUPPORT EXP	93	56,308
94			CO EXP-CO SWITCHING EXP	94	74,161
96			COT EXP	96	26,984
101			CWF EXPENSES	101	93,515
105			TOTAL NETWK OP EXP	105	178,549
115	CUST OPER		MKG EXP	115	33,078
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	62,628
173	CUST SERV		TOTAL CUST SVC EXP	173	21,642
176			CORP OP EXP EXEC & PLAN EXP	176	19,281
179			TOTAL GEN AND ADMIN EXP	179	121,013
			ADJUSTMENTS		(943,642)
FINAL DISALLOWANCES AFTER ADJUSTMENTS					$1,909,320
1	GSF		GSF	1	150,973
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	81,744
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	81,612
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	211,549
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	227,298
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	2,458
58	CWF		TOTAL EX LN CWF EX WDB	58	352,974
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	192,764
66	CWF	CAT 3	TOTAL IX CWF	66	44,700
81			TOTAL TANGIBLE ASSETS	81	4,839
87			TELCOM PLT UNDER CONS-SHT TERM	87	38,430
90			MATERIAL AND SUPPLIES	90	36,147
93			GENERAL SUPPORT EXP	93	43,267
94			CO EXP-CO SWITCHING EXP	94	33,475
96			COT EXP	96	26,190
101			CWF EXPENSES	101	37,607
105			TOTAL NETWK OP EXP	105	154,726
115	CUST OPER		MKG EXP	115	30,542
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	61,982
173	CUST SERV		TOTAL CUST SVC EXP	173	2,684
176			CORP OP EXP EXEC & PLAN EXP	176	12,042
179			TOTAL GEN AND ADMIN EXP	179	81,316

Data Deletions and Data Report Cards

The LECs provided the final mechanized version of Chart COS-8 data (Chart COS-8 database) on February 13, 1989. Subsequently identified errors have not been corrected on the record. In most cases, erroneous data that have been identified subsequently have been replaced in the Chart COS-8 database with the symbols "-FCC" or "ERR" and are not used in the cross section analysis. The first section of this workpaper details known errors. Study areas were considered to have failed report card tests for both TPIS and ELD if any erroneous data were provided in any of the 22 cost categories used for the cross section analysis.

A few data elements may be valid, but were considered to be non-representative. These items were also removed from the analysis, but did not cause carriers to be failed. Section II details these items, and explains the treatment of items with a zero historic level.

I. Data Failures

Cincinnatti Bell and Rochester Telephone did not provide breakdowns for state versus interstate for rows 94 and 96. The historic and projected company totals, while possibly correct, could not be separated between jurisdictions in our analysis. Accordingly, these values were removed from the data base for cross section analysis. Lincoln telephone provided no data for these categories.

Continental erroneously reported TPIS in row 81, total tangible assets.

NET failed to provide historic data for row 33 in New Hampshire. In addition, most historic expense data for Vermont proved to be erroneous. In view of the magnitude of the NET errors, all NET's study areas were failed.

NYT failed because it provided an unseparated amount for row 33 that was $30 million out of balance with the totals for state and interstate jurisdictions. At least one of the figures is in error.

Bell Atlantic failed to provide projections for row 176 for C&P (DC).

Southwestern Bell filed an Errata on February 10, 1989, but failed to correct its Chart COS-8 database. All Southwestern Bell Chart COS-8 database projections for row 90 should have reflected reductions of approximately 1 percent. Other rows should have been revised for some study areas. Cross section analyses was performed using the latest timely filed data. Use of correct data might have resulted in some slight differences in the results of the analysis. In view of Southwestern Bell's failure to file

timely corrections, Southwestern fails its data report card in all study areas.

II. Other Data Corrections and Notes

Southwestern Bell shows negative row 93 general support expenses in Missouri. This results from credit entries for general headquarters expenses that are billed to other study areas. Although the reported data may be correct, it is sufficiently anomalous to be excluded from subsequent analysis.

GTE shows negative row 90 materials and supplies in North Carolina, Virginia, and Minnisota. GTE has some centralized operations in these states. According to GTE, certain materials and supplies are initially located in these states, and the amounts are debited to materials and supplies accounts in these states. The accounts are credited as items are used by and billed to GTE exchanges in other states. The billings reflect loadings which have not been cleared to the materials and supplies accounts, which accounts for negative balances. Although the reported data may be correct, it is sufficiently anomalous to be excluded from subsequent analysis.

Contel, GTE, and United show zero amounts for some major plant categories for study areas. These carriers state that these totals accurately reflect booked amounts. The zero amounts are shown in the historic table in Worksheet C-6. Since the percentage change from a zero base is not defined, the percentage changes are shown as "ERR" in the percentage change table in Worksheet C-6. This has no impact on subsequent calculations, since there is no weight assigned to zero base amounts, and Contel, GTE and United have not been penalized for these entrees.

2lande combined mou and line from scr1 and scr2

C Projected change in cost per million MOU

ROW SEQ COS8					1 AM LBIL	2 AM NBIN	3 AM MBMI	4 AM OBOH	5 AM WTWI	6 BA CDDC	7 BA CMMD	8 BA CVVA
1	GSF		GSF	1	$9,724	$10,385	$8,860	$10,282	$15,728	$22,354	$10,304	$6,774
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	$466	$543	$150	$62	$526	$994	$1,816	($712)
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	$10,769	$8,572	$12,272	$8,470	$10,933	$9,796	$9,456	$12,322
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	$5,119	$4,741	$5,998	$2,099	$6,949	$10,786	$4,972	$14,103
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	$1,676	$14,690	$1,568	$1,401	($1,778)	$4,196	$13,554	$10,106
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	($1,393)	($14,051)	$7,582	$3,329	($8,157)	$572	($6,785)	($11,482)
58	CWF		TOTAL EX LN CWF EX WDB	58	$5,531	$14,819	$27,675	($14,814)	$2,743	($9,466)	$1,449	$6,710
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	$5,393	$1,481	$496	$20,190	$9,183	$10,795	$15,463	$9,346
66	CWF	CAT 3	TOTAL IX CWF	66	$3,027	$1,007	$857	$7,638	$4,346	$1,742	$3,254	$4,123
81			TOTAL TANGIBLE ASSETS	81	$263	$141	$280	$67	($59)	($479)	$398	$401
87			TELCOM PLT UNDER CONS-SHT TERM	87	$1,098	$4,304	($795)	($113)	$742	($2,243)	($2,481)	($864)
90			MATERIAL AND SUPPLIES	90	($4)	$331	$2,662	$489	$31	$248	$117	$32
93			GENERAL SUPPORT EXP	93	$1,484	$1,481	$1,694	$599	$1,767	$3,074	$484	$1,815
94			CO EXP-CO SWITCHING EXP	94	($434)	$347	$832	$2,034	$1,394	$2,715	$1,832	$1,826
96			COT EXP	96	$407	$170	$313	$584	$463	$1,092	$316	$479
101			CWF EXPENSES	101	$1,425	$1,209	$521	$530	$2,219	$2,215	$2,396	$1,773
105			TOTAL NETWK OP EXP	105	$2,533	$1,826	$9,430	$1,398	$1,833	$2,700	$2,700	$4,429
115	CUST OPER		MKG EXP	115	$493	$904	$66	$848	$2,605	$1,085	$1,395	$364
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	$1,012	$675	$149	$529	$1,297	$1,753	$324	$2,071
173	CUST SERV		TOTAL CUST SVC EXP	173	$685	$48	($49)	$101	$382	$504	$181	$52
176			CORP OP EXP EXEC & PLAN EXP	176	($222)	$400	$640	$210	$549 -err		$34	$38
179			TOTAL GEN AND ADMIN EXP	179	$1,181	$3,707	$6,714	$1,969	$4,721	$682	$1,143	$388

C Projected change in cost per million MOU

5862

C Projected change in cost per line

ROW SEQ COS8					1 AM LBIL	2 AM NBIN	3 AM MBMI	4 AM OBOH	5 AM WTWI	6 BA CDDC	7 BA CMMD	8 BA CVVA
1	GSF		GSF	1	$0.0238	$0.0247	$0.0150	$0.0210	$0.0328	$0.0623	$0.0245	$0.0174
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	$0.0011	$0.0013	$0.0003	$0.0001	$0.0011	$0.0028	$0.0043	($0.0018)
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	$0.0264	$0.0204	$0.0208	$0.0173	$0.0228	$0.0273	$0.0225	$0.0317
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	$0.0125	$0.0113	$0.0102	$0.0043	$0.0145	$0.0300	$0.0118	$0.0362
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	$0.0041	$0.0349	$0.0027	$0.0029	($0.0037)	$0.0117	$0.0322	$0.0260
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	($0.0034)	($0.0334)	$0.0128	$0.0068	($0.0170)	$0.0016	($0.0161)	($0.0295)
58	CWF		TOTAL EX LN CWF EX WDB	58	$0.0135	$0.0352	$0.0469	($0.0303)	$0.0057	($0.0264)	$0.0034	$0.0172
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	$0.0132	$0.0035	$0.0008	$0.0413	$0.0191	$0.0301	$0.0367	$0.0240
66	CWF	CAT 3	TOTAL IX CWF	66	$0.0074	$0.0024	$0.0015	$0.0156	$0.0091	$0.0049	$0.0077	$0.0106
81			TOTAL TANGIBLE ASSETS	81	$0.0006	$0.0003	$0.0005	$0.0001	($0.0001)	($0.0013)	$0.0009	$0.0010
87			TELCOM PLT UNDER CONS-SHT TERM	87	$0.0027	$0.0102	($0.0013)	($0.0002)	$0.0015	($0.0062)	($0.0059)	($0.0022)
90			MATERIAL AND SUPPLIES	90	($0.0000)	$0.0008	$0.0045	$0.0010	$0.0001	$0.0007	$0.0003	$0.0001
93			GENERAL SUPPORT EXP	93	$0.0036	$0.0035	$0.0029	$0.0012	$0.0037	$0.0086	$0.0012	$0.0047
94			CO EXP-CO SWITCHING EXP	94	($0.0011)	$0.0008	$0.0014	$0.0042	$0.0029	$0.0076	$0.0044	$0.0047
96			COT EXP	96	$0.0010	$0.0004	$0.0005	$0.0012	$0.0010	$0.0030	$0.0008	$0.0012
101			CWF EXPENSES	101	$0.0035	$0.0029	$0.0009	$0.0011	$0.0046	$0.0062	$0.0057	$0.0046
105			TOTAL NETWK OP EXP	105	$0.0062	$0.0043	$0.0160	$0.0029	$0.0038	$0.0075	$0.0064	$0.0114
115	CUST OPER		MKG EXP	115	$0.0012	$0.0021	$0.0001	$0.0017	$0.0054	$0.0030	$0.0033	$0.0009
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	$0.0025	$0.0016	$0.0003	$0.0011	$0.0027	$0.0049	$0.0008	$0.0053
173	CUST SERV		TOTAL CUST SVC EXP	173	$0.0017	$0.0001	($0.0001)	$0.0002	$0.0008	$0.0014	$0.0004	$0.0001
176			CORP OP EXP EXEC & PLAN EXP	176	($0.0005)	$0.0009	$0.0011	$0.0004	$0.0011 -err		$0.0001	$0.0001
179			TOTAL GEN AND ADMIN EXP	179	$0.0029	$0.0088	$0.0114	$0.0040	$0.0098	$0.0019	$0.0027	$0.0010

C Projected change in cost per million MOU

workpaper.C-9

2lande combined mou and line from scr1 and scr2

C Projected change in cost per million MOU

ROW SEQ COS8					9 BA CWWV	10 BA DSDE	11 BA PAPA	12 BA NJNJ	13 BS SBFL	14 BS SBGA	15 BS SBNC	16 BS SBSC
1	GSF		GSF	1	$13,392	$4,305	$18,565	$10,170	$6,277	$7,937	$10,563	$5,713
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	$2,797	$0	$622	$972	$299	$1,773	$504	$172
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	($996)	$9,364	$14,896	$8,671	$15,559	$12,616	$16,724	$16,194
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	$16,131	$3,490	$2,018	$7,649	$3,759	$4,453	$3,024	($20,497)
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	($288)	$6,198	$8,064	($1,790)	$8,076	$5,736	$2,710	$32,723
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	($16,280)	($1,329)	$2,671	$2,067	$4,271	$3,648	$2,191	$2,414
58	CWF		TOTAL EX LN CWF EX WDB	58	$3,303	$10,856	$17,081	$10,418	$18,494	$21,594	$23,400	$23,474
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	$3,323	$1,013	$300	$31	$989	$1,650	$2,195	$1,601
66	CWF	CAT 3	TOTAL IX CWF	66	$11,800	$799	$10	$633	$1,242	$1,578	$1,100	$400
81			TOTAL TANGIBLE ASSETS	81	$420	$4	$153	$162	($1,271)	($1,455)	($5,457)	($280)
87			TELCOM PLT UNDER CONS-SHT TERM	87	$2,686	$2,060	($1,344)	($1,068)	($2,929)	$2,075	$3,925	$2,924
90			MATERIAL AND SUPPLIES	90	$931	($29)	($181)	$58	($325)	($581)	($777)	($322)
93			GENERAL SUPPORT EXP	93	$980	$270	$917	$1,068	$1,228	$1,389	$1,471	$1,824
94			CO EXP-CO SWITCHING EXP	94	$4,645	$86	$1,701	$1,117	($1,415)	($1,123)	$51	($295)
96			COT EXP	96	$56	$67	$189	$969	$1	($165)	($424)	$18
101			CWF EXPENSES	101	$1,138	$319	$560	$1,409	$1,279	$544	$256	$277
105			TOTAL NETWK OP EXP	105	$8,665	$344	$830	$904	$45	$29	($176)	($149)
115	CUST OPER		MKG EXP	115	$1,829	$505	$385	$2,035	$608	$725	$765	$503
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	$1,564	$508	$771	$742	$1,540	$1,517	$1,439	$2,041
173	CUST SERV		TOTAL CUST SVC EXP	173	$645	$38	$43	$531	$199	$313	$233	$127
176			CORP OP EXP EXEC & PLAN EXP	176	$242	$97	($25)	$67	($442)	($481)	($521)	($423)
179			TOTAL GEN AND ADMIN EXP	179	$3,331	$1,403	$991	$1,000	$5,719	$4,850	$5,304	$5,060

C Projected change in cost per million MOU

5863

C Projected change in cost per line

ROW SEQ COS8					9 BA CWWV	10 BA DSDE	11 BA PAPA	12 BA NJNJ	13 BS SBFL	14 BS SBGA	15 BS SBNC	16 BS SBSC
1	GSF		GSF	1	$0.0254	$0.0154	$0.0409	$0.0331	$0.0174	$0.0240	$0.0261	$0.0149
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	$0.0053	$0.0000	$0.0014	$0.0032	$0.0008	$0.0054	$0.0012	$0.0004
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	($0.0019)	$0.0334	$0.0328	$0.0282	$0.0431	$0.0381	$0.0413	$0.0422
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	$0.0306	$0.0125	$0.0044	$0.0249	$0.0104	$0.0135	$0.0075	($0.0534)
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	($0.0005)	$0.0221	$0.0178	($0.0058)	$0.0224	$0.0173	$0.0067	$0.0853
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	($0.0309)	($0.0047)	$0.0059	$0.0067	$0.0118	$0.0110	$0.0054	$0.0063
58	CWF		TOTAL EX LN CWF EX WDB	58	$0.0063	$0.0387	$0.0377	$0.0339	$0.0513	$0.0653	$0.0578	$0.0612
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	$0.0063	$0.0036	$0.0007	$0.0001	$0.0027	$0.0050	$0.0054	$0.0042
66	CWF	CAT 3	TOTAL IX CWF	66	$0.0224	$0.0029	$0.0000	$0.0021	$0.0034	$0.0048	$0.0027	$0.0010
81			TOTAL TANGIBLE ASSETS	81	$0.0008	$0.0000	$0.0003	$0.0005	($0.0035)	($0.0044)	($0.0135)	($0.0007)
87			TELCOM PLT UNDER CONS-SHT TERM	87	$0.0051	$0.0073	($0.0030)	($0.0035)	($0.0081)	$0.0063	$0.0097	$0.0076
90			MATERIAL AND SUPPLIES	90	$0.0018	($0.0001)	($0.0004)	$0.0002	($0.0009)	($0.0018)	($0.0019)	($0.0008)
93			GENERAL SUPPORT EXP	93	$0.0019	$0.0010	$0.0020	$0.0035	$0.0034	$0.0042	$0.0036	$0.0048
94			CO EXP-CO SWITCHING EXP	94	$0.0088	$0.0003	$0.0038	$0.0036	($0.0039)	($0.0034)	$0.0001	($0.0008)
96			COT EXP	96	$0.0001	$0.0002	$0.0004	$0.0032	$0.0000	($0.0005)	($0.0010)	$0.0000
101			CWF EXPENSES	101	$0.0022	$0.0011	$0.0012	$0.0046	$0.0035	$0.0016	$0.0006	$0.0007
105			TOTAL NETWK OP EXP	105	$0.0164	$0.0012	$0.0018	$0.0029	$0.0001	$0.0001	($0.0004)	($0.0004)
115	CUST OPER		MKG EXP	115	$0.0035	$0.0018	$0.0008	$0.0066	$0.0017	$0.0022	$0.0019	$0.0013
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	$0.0030	$0.0018	$0.0017	$0.0024	$0.0043	$0.0046	$0.0036	$0.0053
173	CUST SERV		TOTAL CUST SVC EXP	173	$0.0012	$0.0001	$0.0001	$0.0017	$0.0006	$0.0009	$0.0006	$0.0003
176			CORP OP EXP EXEC & PLAN EXP	176	$0.0005	$0.0003	($0.0001)	$0.0002	($0.0012)	($0.0015)	($0.0013)	($0.0011)
179			TOTAL GEN AND ADMIN EXP	179	$0.0063	$0.0050	$0.0022	$0.0032	$0.0159	$0.0147	$0.0131	$0.0132

C Projected change in cost per million MOU

C Projected change in cost per million MOU

ROW SEQ COS8						17 BS SCAL	18 BS SCKY	19 BS SCLA	20 BS SCMS	21 BS SCTN	22 NX NEME	23 NX NEMA	24 NX NEHH
1	GSF		GSF		1	$31,370	$8,452	$6,394	$10,324	$7,643	$4,621	$8,327	$4,554
21	COE	CAT 2		TOTAL TANDEM SW EQPT	21	$1,491	$1,383	$769	$521	$139	$827	$391	($91)
25	COE	CAT 3		TOTAL LOCAL SW EQPT	25	$19,510	$11,851	$7,901	$22,641	$12,187	$18,399	$11,405	$8,078
33	COE	CAT4.12		TOTAL EX TRUNK CKT EQPT	33	$10,403	$14,877	$14,070	$9,798	$13,592	$2,370	$1,133	-err
37	COE	CAT4.13		TOTAL EX LN CKT EQPT	37	$6,729	$2,791	$7,583	$11,908	$9,298	$7,947	$1,623	$3,640
47	COE	CAT4.23		TOTAL OTH IX CKT EQPT	47	($8,990)	($6,278)	($14,231)	($8,447)	($10,264)	$13,246	$7,311	$4,995
58	CWF			TOTAL EX LN CWF EX WDB	58	$19,177	$15,220	$17,397	$25,451	$14,497	$20,325	$17,993	$22,907
62	CWF	CAT 2		TOTAL WDB AND EX TNK CWF	62	$1,155	$1,477	($2,236)	($99)	$846	$211	$1,368	$262
66	CWF	CAT 3	TOTAL IX CWF		66	$476	$1,431	($1,324)	($3,441)	$376	$3,346	$5,869	$1,923
81			TOTAL TANGIBLE ASSETS		81	$541	$22	$38	($1,230)	$288	$1,092	$343	$594
87			TELCOM PLT UNDER CONS-SHT TERM		87	($8,306)	($928)	$209	$324	($1,514)	($2,121)	($2,498)	$1,055
90			MATERIAL AND SUPPLIES		90	$109	$290	($10)	$90	($21)	$3,995	($143)	$1,801
93			GENERAL SUPPORT EXP		93	$1,088	$2,653	$2,402	$2,248	$2,620	($3,253)	$1,522	($654)
94			CO EXP-CO SWITCHING EXP		94	$1,264	$3,476	$633	$1,130	$2,185	($1,145)	($496)	$560
96			COT EXP		96	$1,101	($884)	$1,485	$77	$656	($1,384)	$34	($643)
101			CWF EXPENSES		101	$2,779	$641	$756	$1,473	($852)	($5,183)	$1,428	($389)
105				TOTAL NETWK OP EXP	105	$2,581	$1,899	$3,436	$2,100	$3,447	$7,380	$4,496	$2,859
115	CUST OPER		MKG EXP		115	$1,439	$1,797	$2,007	$2,259	$1,695	$1,848	$1,873	$1,153
167	CUST SERV		TOTAL LOCAL BUS OFF EXP		167	($827)	$691	$152	$887	$408	($3,077)	$5,294	($2,809)
173	CUST SERV			TOTAL CUST SVC EXP	173	$2,476	$280	$916	$299	$66	($903)	$725	($1,161)
176			CORP OP EXP EXEC & PLAN EXP		176	($9)	($52)	($54)	$46	($7)	($554)	$1,273	($784)
179				TOTAL GEN AND ADMIN EXP	179	$3,325	($357)	$586	$1,426	$1,595	$4,339	$9,646	($1,681)

C Projected change in cost per million MOU

C Projected change in cost per line

ROW SEQ COS8						17 BS SCAL	18 BS SCKY	19 BS SCLA	20 BS SCMS	21 BS SCTN	22 NX NEME	23 NX NEMA	24 NX NEHH
1	GSF		GSF		1	$0.0702	$0.0188	$0.0137	$0.0259	$0.0192	$0.0097	$0.0221	$0.0164
21	COE	CAT 2		TOTAL TANDEM SW EQPT	21	$0.0033	$0.0031	$0.0016	$0.0013	$0.0004	$0.0017	$0.0010	($0.0003)
25	COE	CAT 3		TOTAL LOCAL SW EQPT	25	$0.0437	$0.0264	$0.0169	$0.0568	$0.0306	$0.0388	$0.0303	$0.0290
33	COE	CAT4.12		TOTAL EX TRUNK CKT EQPT	33	$0.0233	$0.0331	$0.0301	$0.0246	$0.0342	$0.0050	$0.0030	-err
37	COE	CAT4.13		TOTAL EX LN CKT EQPT	37	$0.0151	$0.0062	$0.0162	$0.0299	$0.0234	$0.0168	$0.0043	$0.0131
47	COE	CAT4.23		TOTAL OTH IX CKT EQPT	47	($0.0201)	($0.0140)	($0.0305)	($0.0212)	($0.0258)	$0.0279	$0.0194	$0.0180
58	CWF			TOTAL EX LN CWF EX WDB	58	$0.0429	$0.0339	$0.0372	$0.0639	$0.0365	$0.0428	$0.0479	$0.0824
62	CWF	CAT 2		TOTAL WDB AND EX TNK CWF	62	$0.0026	$0.0033	($0.0048)	($0.0002)	$0.0021	$0.0004	$0.0036	$0.0009
66	CWF	CAT 3	TOTAL IX CWF		66	$0.0011	$0.0032	($0.0028)	($0.0086)	$0.0009	$0.0071	$0.0156	$0.0069
81			TOTAL TANGIBLE ASSETS		81	$0.0012	$0.0000	$0.0001	($0.0031)	$0.0007	$0.0023	$0.0009	$0.0021
87			TELCOM PLT UNDER CONS-SHT TERM		87	($0.0186)	($0.0021)	$0.0004	$0.0008	($0.0038)	($0.0045)	($0.0066)	$0.0038
90			MATERIAL AND SUPPLIES		90	$0.0002	$0.0006	($0.0000)	$0.0002	($0.0001)	$0.0084	($0.0004)	$0.0065
93			GENERAL SUPPORT EXP		93	$0.0024	$0.0059	$0.0051	$0.0056	$0.0066	($0.0069)	$0.0040	($0.0023)
94			CO EXP-CO SWITCHING EXP		94	$0.0028	$0.0077	$0.0014	$0.0028	$0.0055	($0.0024)	($0.0013)	$0.0020
96			COT EXP		96	$0.0025	($0.0020)	$0.0032	$0.0002	$0.0016	($0.0029)	$0.0001	($0.0023)
101			CWF EXPENSES		101	$0.0062	$0.0014	$0.0016	$0.0037	($0.0021)	($0.0109)	$0.0038	($0.0014)
105				TOTAL NETWK OP EXP	105	$0.0058	$0.0042	$0.0074	$0.0053	$0.0087	$0.0156	$0.0120	$0.0103
115	CUST OPER		MKG EXP		115	$0.0032	$0.0040	$0.0043	$0.0057	$0.0043	$0.0039	$0.0050	$0.0041
167	CUST SERV		TOTAL LOCAL BUS OFF EXP		167	($0.0019)	$0.0015	$0.0003	$0.0022	$0.0010	($0.0065)	$0.0141	($0.0101)
173	CUST SERV			TOTAL CUST SVC EXP	173	$0.0055	$0.0006	$0.0020	$0.0008	$0.0002	($0.0019)	$0.0019	($0.0042)
176			CORP OP EXP EXEC & PLAN EXP		176	($0.0000)	($0.0001)	($0.0001)	$0.0001	($0.0000)	($0.0012)	$0.0034	($0.0028)
179				TOTAL GEN AND ADMIN EXP	179	$0.0074	($0.0008)	$0.0013	$0.0036	$0.0040	$0.0091	$0.0257	($0.0060)

C Projected change in cost per million MOU

C Projected change in cost per million MOU

ROW SEQ COS8					25 NX NERI	26 NX NEVT	27 NX NYNY	28 PT PTCA	29 PT PTNV	30 SW SWAR	31 SW SWKS	32 SW SWMO
1	GSF		GSF	1	$4,589	$40	$4,415	$11,304	$4,872	$10,513	$6,207	$21,961
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	$53	$1,278	$157	$604	$0	$71	$1,642	$754
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	$6,015	$11,837	$8,968	$9,155	$10,878	$7,506	$9,755	$11,833
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	$464	$724	-err	$3,079	$821	($3,144)	$2,071	($779)
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	$1,196	$3,687	$3,331	$2,341	$734	$2,860	$2,654	$654
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	$1,745	$5,529	$1,377	$3,381	$1,628	$3,394	$2,865	$3,452
58	CWF		TOTAL EX LN CWF EX WDB	58	$8,667	$20,404	$14,042	$8,967	$12,897	$15,125	$11,146	$11,686
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	$252	$489	$718	$871	($219)	$596	$379	$1,538
66	CWF	CAT 3	TOTAL IX CWF	66	$1,163	$2,300	$10	$891	$583	$545	$1,377	$899
81			TOTAL TANGIBLE ASSETS	81	$126	$137	$844	($86)	($42)	($3)	$51	$1,834
87			TELCOM PLT UNDER CONS-SHT TERM	87	($8,911)	($5,279)	$51	($54)	($3,392)	($252)	$242	($1,225)
90			MATERIAL AND SUPPLIES	90	$90	$1,922	($18)	$633	($113)	($50)	$1,033	($1,204)
93			GENERAL SUPPORT EXP	93	($2,255)	-err	($1,030)	($3,115)	$2,896	$350	$1,738	-err
94			CO EXP-CO SWITCHING EXP	94	($1,670)	-err	$637	($1,424)	$343	($2,684)	$1,258	($381)
96			COT EXP	96	($1,043)	-err	$401	($1,098)	$56	$443	($13)	$271
101			CWF EXPENSES	101	($2,430)	-err	($83)	($2,157)	$549	($1,910)	$302	$2,935
105			TOTAL NETWK OP EXP	105	$2,749	-err	$879	($964)	$673	$3,549	$4,857	$11,839
115	CUST OPER		MKG EXP	115	$931	-err	$1,927	$997	$1,105	$272	$405	$328
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	($2,008)	-err	($522)	$450	$818	$725	$100	$532
173	CUST SERV		TOTAL CUST SVC EXP	173	($839)	-err	$122	($65)	$244	$129	$29	($96)
176			CORP OP EXP EXEC & PLAN EXP	176	$411	-err	$263	$285	$155	$238	($1,263)	$109
179			TOTAL GEN AND ADMIN EXP	179	($472)	-err	$5,506	$4,304	($467)	$3,931	$3,107	$1,788

C Projected change in cost per million MOU

5865

C Projected change in cost per line

ROW SEQ COS8					25 NX NERI	26 NX NEVT	27 NX NYNY	28 PT PTCA	29 PT PTNV	30 SW SWAR	31 SW SWKS	32 SW SWMO
1	GSF		GSF	1	$0.0124	$0.0001	$0.0107	$0.0194	$0.0177	$0.0269	$0.0156	$0.0562
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	$0.0001	$0.0035	$0.0004	$0.0010	$0.0000	$0.0002	$0.0041	$0.0019
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	$0.0162	$0.0326	$0.0217	$0.0157	$0.0394	$0.0192	$0.0245	$0.0303
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	$0.0013	$0.0020	-err	$0.0053	$0.0030	($0.0080)	$0.0052	($0.0020)
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	$0.0032	$0.0102	$0.0081	$0.0040	$0.0027	$0.0073	$0.0067	$0.0017
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	$0.0047	$0.0152	$0.0033	$0.0058	$0.0059	$0.0087	$0.0072	$0.0088
58	CWF		TOTAL EX LN CWF EX WDB	58	$0.0233	$0.0562	$0.0340	$0.0154	$0.0467	$0.0387	$0.0279	$0.0299
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	$0.0007	$0.0013	$0.0017	$0.0015	($0.0008)	$0.0015	$0.0009	$0.0039
66	CWF	CAT 3	TOTAL IX CWF	66	$0.0031	$0.0063	$0.0000	$0.0015	$0.0021	$0.0014	$0.0035	$0.0023
81			TOTAL TANGIBLE ASSETS	81	$0.0003	$0.0004	$0.0020	($0.0001)	($0.0002)	($0.0000)	$0.0001	$0.0047
87			TELCOM PLT UNDER CONS-SHT TERM	87	($0.0240)	($0.0145)	$0.0001	($0.0001)	($0.0123)	($0.0006)	$0.0006	($0.0031)
90			MATERIAL AND SUPPLIES	90	$0.0002	$0.0053	($0.0000)	$0.0011	($0.0004)	($0.0001)	$0.0026	($0.0031)
93			GENERAL SUPPORT EXP	93	($0.0061)	-err	($0.0025)	($0.0053)	$0.0105	$0.0009	$0.0044	-err
94			CO EXP-CO SWITCHING EXP	94	($0.0045)	-err	$0.0015	($0.0024)	$0.0012	($0.0069)	$0.0032	($0.0010)
96			COT EXP	96	($0.0028)	-err	$0.0010	($0.0019)	$0.0002	$0.0011	($0.0000)	$0.0007
101			CWF EXPENSES	101	($0.0065)	-err	($0.0002)	($0.0037)	$0.0020	($0.0049)	$0.0008	$0.0075
105			TOTAL NETWK OP EXP	105	$0.0074	-err	$0.0021	($0.0017)	$0.0024	$0.0091	$0.0122	$0.0303
115	CUST OPER		MKG EXP	115	$0.0025	-err	$0.0047	$0.0017	$0.0040	$0.0007	$0.0010	$0.0008
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	($0.0054)	-err	($0.0013)	$0.0008	$0.0030	$0.0019	$0.0003	$0.0014
173	CUST SERV		TOTAL CUST SVC EXP	173	($0.0023)	-err	$0.0003	($0.0001)	$0.0009	$0.0003	$0.0001	($0.0002)
176			CORP OP EXP EXEC & PLAN EXP	176	$0.0011	-err	$0.0006	$0.0005	$0.0006	$0.0006	($0.0032)	$0.0003
179			TOTAL GEN AND ADMIN EXP	179	($0.0013)	-err	$0.0133	$0.0074	($0.0017)	$0.0101	$0.0078	$0.0046

C Projected change in cost per million MOU

2lande combined mou and line from scr1 and scr2

C Projected change in cost per million MOU

ROW SEQ COS8					33 SW SWOK	34 SW SWTX	35 US MSAZ	36 US MSCO	37 US MSID	38 US MSMT	39 US MSNM	40 US MSUT
1	GSF		GSF	1	$6,871	$13,462	$4,883	$6,628	$2,064	$3,956	$10,704	$5,142
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	$4,741	$60	$1,372	$2,090	($955)	($1,132)	$1,219	$783
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	$6,527	$8,446	$6,503	$4,711	$4,469	$5,266	$6,468	$4,562
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	($1,722)	($1,508)	$4,473	$2,427	$4,371	($6,948)	$340	$7,104
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	($2,790)	($1,840)	$3,625	$1,785	$20,340	$26,925	$1,578	$11,468
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	($229)	($107)	$2,491	$2,086	($18,537)	($7,138)	$8,047	($13,015)
58	CWF		TOTAL EX LN CWF EX WDB	58	$9,919	$20,102	$20,854	$11,816	$18,298	$15,554	$16,474	$8,993
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	$378	$791	$1,077	$355	($5,467)	$860	$272	($2,872)
66	CWF	CAT 3	TOTAL IX CWF	66	$392	$1,164	$437	$488	$539	($4,060)	$1,061	$3,816
81			TOTAL TANGIBLE ASSETS	81	$48	$595	$610	$652	$254	$909	$175	($227)
87			TELCOM PLT UNDER CONS-SHT TERM	87	$226	($1,562)	($2,066)	$1,729	$928	($1,114)	$1,649	$1,444
90			MATERIAL AND SUPPLIES	90	($244)	$1,646	($140)	$450	($403)	$115	$177	$229
93			GENERAL SUPPORT EXP	93	$858	$969	($720)	$477	($2,627)	$627	($431)	($894)
94			CO EXP-CO SWITCHING EXP	94	($1,672)	($433)	($50)	$196	($50)	($1,658)	$788	$728
96			COT EXP	96	$434	($40)	$436	$1,003	$804	$884	$1,101	$1,008
101			CWF EXPENSES	101	$691	$953	$2,426	($176)	$2,977	$3,067	$1,065	$999
105			TOTAL NETWK OP EXP	105	$313	$320	$1,816	($54)	($1,515)	$1,307	($1,334)	$3,875
115	CUST OPER		MKG EXP	115	$144	$143	$453	$594	$334	$665	$469	$670
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	$346	$754	($184)	($315)	$541	($295)	($353)	($380)
173	CUST SERV		TOTAL CUST SVC EXP	173	($68)	($124)	$128	$36	$752	$309	$130	$179
176			CORP OP EXP EXEC & PLAN EXP	176	($178)	$231	($313)	($517)	($1,950)	($779)	($620)	($679)
179			TOTAL GEN AND ADMIN EXP	179	($464)	$2,133	($2,538)	($1,577)	($1,836)	($1,762)	($1,529)	($861)

C Projected change in cost per million MOU

58866

C Projected change in cost per line

ROW SEQ COS8					33 SW SWOK	34 SW SWTX	35 US MSAZ	36 US MSCO	37 US MSID	38 US MSMT	39 US MSNM	40 US MSUT
1	GSF		GSF	1	$0.0158	$0.0270	$0.0142	$0.0203	$0.0055	$0.0094	$0.0309	$0.0140
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	$0.0109	$0.0001	$0.0040	$0.0064	($0.0025)	($0.0027)	$0.0035	$0.0021
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	$0.0150	$0.0169	$0.0190	$0.0144	$0.0119	$0.0126	$0.0187	$0.0125
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	($0.0040)	($0.0030)	$0.0130	$0.0074	$0.0116	($0.0166)	$0.0010	$0.0194
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	($0.0064)	($0.0037)	$0.0106	$0.0055	$0.0540	$0.0642	$0.0046	$0.0313
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	($0.0005)	($0.0002)	$0.0073	$0.0064	($0.0492)	($0.0170)	$0.0232	($0.0355)
58	CWF		TOTAL EX LN CWF EX WDB	58	$0.0229	$0.0403	$0.0608	$0.0362	$0.0486	$0.0371	$0.0475	$0.0246
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	$0.0009	$0.0016	$0.0031	$0.0011	($0.0145)	$0.0021	$0.0008	($0.0078)
66	CWF	CAT 3	TOTAL IX CWF	66	$0.0009	$0.0023	$0.0013	$0.0015	$0.0014	($0.0097)	$0.0031	$0.0104
81			TOTAL TANGIBLE ASSETS	81	$0.0001	$0.0012	$0.0018	$0.0020	$0.0007	$0.0022	$0.0005	($0.0006)
87			TELCOM PLT UNDER CONS-SHT TERM	87	$0.0005	($0.0031)	($0.0060)	$0.0053	$0.0025	($0.0027)	$0.0048	$0.0039
90			MATERIAL AND SUPPLIES	90	($0.0006)	$0.0033	($0.0004)	$0.0014	($0.0011)	$0.0003	$0.0005	$0.0006
93			GENERAL SUPPORT EXP	93	$0.0020	$0.0019	($0.0021)	$0.0015	($0.0070)	$0.0015	($0.0012)	($0.0024)
94			CO EXP-CO SWITCHING EXP	94	($0.0039)	($0.0009)	($0.0001)	$0.0006	($0.0001)	($0.0040)	$0.0023	$0.0020
96			COT EXP	96	$0.0010	($0.0001)	$0.0013	$0.0031	$0.0021	$0.0021	$0.0032	$0.0028
101			CWF EXPENSES	101	$0.0016	$0.0019	$0.0071	($0.0005)	$0.0079	$0.0073	$0.0031	$0.0027
105			TOTAL NETWK OP EXP	105	$0.0007	$0.0006	$0.0053	($0.0002)	($0.0040)	$0.0031	($0.0039)	$0.0106
115	CUST OPER		MKG EXP	115	$0.0003	$0.0003	$0.0013	$0.0018	$0.0009	$0.0016	$0.0014	$0.0018
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	$0.0008	$0.0015	($0.0005)	($0.0010)	$0.0014	($0.0007)	($0.0010)	($0.0010)
173	CUST SERV		TOTAL CUST SVC EXP	173	($0.0002)	($0.0002)	$0.0004	$0.0001	$0.0020	$0.0007	$0.0004	$0.0005
176			CORP OP EXP EXEC & PLAN EXP	176	($0.0004)	$0.0005	($0.0009)	($0.0016)	($0.0052)	($0.0019)	($0.0018)	($0.0019)
179			TOTAL GEN AND ADMIN EXP	179	($0.0011)	$0.0043	($0.0074)	($0.0048)	($0.0049)	($0.0042)	($0.0044)	($0.0024)

C Projected change in cost per million MOU

C Projected change in cost per million MOU

ROW SEQ COS8					41 US MSWY	42 US NWIA	43 US NWMN	44 US NWNE	45 US NWND	46 US NWSD	47 US PNID	48 US PNOR
1	GSF		GSF	1	$3,506	$9,231	$15,456	$56,767	$10,451	$9,292	$3,048	$11,129
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	$7,331	$213	$3,065	$8,284	$10,995	($1,260)	$2,057	$2,270
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	($4,795)	$11,395	$8,593	$1,613	$6,849	$23,122	($11,995)	$9,017
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	$30,262	($873)	$1,144	$13,737	$10,828	$19,658	($5,554)	$9,669
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	$14,303	($599)	$1,751	$11,087	($1,136)	$11,887	$23,623	$8,467
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	($37,645)	$13,112	$7,775	($19,631)	($6,565)	($19,863)	($25,606)	($3,664)
58	CWF		TOTAL EX LN CWF EX WDB	58	$14,770	$6,680	$16,375	$18,980	$35,049	$47,629	$27,850	$9,371
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	($731)	$485	($824)	($733)	($2,234)	$3,619	$953	$795
66	CWF	CAT 3	TOTAL IX CWF	66	$1,306	$537	$1,138	($6,010)	($17,362)	($27,752)	($15,192)	$4,430
81			TOTAL TANGIBLE ASSETS	81	$37	($494)	$70	$1,613	$367	$257	$100	$709
87			TELCOM PLT UNDER CONS-SHT TERM	87	$5,252	($715)	($690)	$5,636	($1,571)	$7,677	$3,683	$868
90			MATERIAL AND SUPPLIES	90	($509)	$618	($38)	($295)	($331)	($793)	$3,845	($784)
93			GENERAL SUPPORT EXP	93	$682	($1,417)	($2,068)	($2,115)	($2,751)	($498)	($39)	$1,516
94			CO EXP-CO SWITCHING EXP	94	($76)	($1,151)	$997	$593	$3,594	$1,345	$1,819	$57
96			COT EXP	96	$903	$445	$180	($811)	($403)	$852	$395	$163
101			CWF EXPENSES	101	$734	$1,201	$564	$122	($964)	$770	$320	($124)
105			TOTAL NETWK OP EXP	105	$472	($351)	$10,506	$338	($619)	($477)	($0)	$1,396
115	CUST OPER		MKG EXP	115	$714	$314	$325	($268)	$430	$138	($71)	$255
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	($378)	($645)	$71	($953)	$702	$1,012	($124)	($665)
173	CUST SERV		TOTAL CUST SVC EXP	173	$222	$880	($1,135)	$566	($1,379)	$1,081	($110)	($344)
176			CORP OP EXP EXEC & PLAN EXP	176	($666)	$502	$182	$922	($57)	($1,514)	($192)	($424)
179			TOTAL GEN AND ADMIN EXP	179	($1,267)	($4,941)	($1,247)	($9,335)	$1,190	$1,833	($1,189)	($726)

C Projected change in cost per million MOU

5867

C Projected change in cost per line

ROW SEQ COS8					41 US MSWY	42 US NWIA	43 US NWMN	44 US NWNE	45 US NWND	46 US NWSD	47 US PNID	48 US PNOR
1	GSF		GSF	1	$0.0107	$0.0221	$0.0368	$0.1833	$0.0277	$0.0236	$0.0093	$0.0282
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	$0.0224	$0.0005	$0.0073	$0.0268	$0.0291	($0.0032)	$0.0063	$0.0058
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	($0.0147)	$0.0273	$0.0205	$0.0052	$0.0181	$0.0588	($0.0366)	$0.0229
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	$0.0925	($0.0021)	$0.0027	$0.0444	$0.0287	$0.0500	($0.0170)	$0.0245
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	$0.0437	($0.0014)	$0.0042	$0.0358	($0.0030)	$0.0302	$0.0721	$0.0215
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	($0.1151)	$0.0314	$0.0185	($0.0634)	($0.0174)	($0.0505)	($0.0782)	($0.0093)
58	CWF		TOTAL EX LN CWF EX WDB	58	$0.0451	$0.0160	$0.0390	$0.0613	$0.0928	$0.1210	$0.0850	$0.0238
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	($0.0022)	$0.0012	($0.0020)	($0.0024)	($0.0059)	$0.0092	$0.0029	$0.0020
66	CWF	CAT 3	TOTAL IX CWF	66	$0.0040	$0.0013	$0.0027	($0.0194)	($0.0460)	($0.0705)	($0.0464)	$0.0112
81			TOTAL TANGIBLE ASSETS	81	$0.0001	($0.0012)	$0.0002	$0.0052	$0.0010	$0.0007	$0.0003	$0.0018
87			TELCOM PLT UNDER CONS-SHT TERM	87	$0.0161	($0.0017)	($0.0016)	$0.0182	($0.0042)	$0.0195	$0.0112	$0.0022
90			MATERIAL AND SUPPLIES	90	($0.0016)	$0.0015	($0.0001)	($0.0010)	($0.0009)	($0.0020)	$0.0117	($0.0020)
93			GENERAL SUPPORT EXP	93	$0.0021	($0.0034)	($0.0049)	($0.0068)	($0.0073)	($0.0013)	($0.0001)	$0.0038
94			CO EXP-CO SWITCHING EXP	94	($0.0002)	($0.0028)	$0.0024	$0.0019	$0.0095	$0.0034	$0.0056	$0.0001
96			COT EXP	96	$0.0028	$0.0011	$0.0004	($0.0026)	($0.0011)	$0.0022	$0.0012	$0.0004
101			CWF EXPENSES	101	$0.0022	$0.0029	$0.0013	$0.0004	($0.0026)	$0.0020	$0.0010	($0.0003)
105			TOTAL NETWK OP EXP	105	$0.0014	($0.0008)	$0.0250	$0.0011	($0.0016)	($0.0012)	($0.0000)	$0.0035
115	CUST OPER		MKG EXP	115	$0.0022	$0.0008	$0.0008	($0.0009)	$0.0011	$0.0004	($0.0002)	$0.0006
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	($0.0012)	($0.0015)	$0.0002	($0.0031)	$0.0019	$0.0026	($0.0004)	($0.0017)
173	CUST SERV		TOTAL CUST SVC EXP	173	$0.0007	$0.0021	($0.0027)	$0.0018	($0.0037)	$0.0027	($0.0003)	($0.0009)
176			CORP OP EXP EXEC & PLAN EXP	176	($0.0020)	$0.0012	$0.0004	$0.0030	($0.0002)	($0.0038)	($0.0006)	($0.0011)
179			TOTAL GEN AND ADMIN EXP	179	($0.0039)	($0.0118)	($0.0030)	($0.0301)	$0.0032	$0.0047	($0.0036)	($0.0018)

C Projected change in cost per million MOU

2lande combined mou and line from scr1 and scr2

C Projected change in cost per million MOU

ROW SEQ COSB					49 US PNWA	50 CE CEFL	51 CE CENV	52 CB CBTC	53 CO COCA	54 CO CONY	55 CO COTX	56 CO COVA
1	GSF		GSF	1	$10,641	$7,062	$1,823	$11,475	$45,508	$7,370	$54,464	$15,591
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	$11,023	$1,490	$499	$1,178	$1,176	$1,448	$774	$634
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	$2,731	$26,009	$8,843	$10,463	$24,731	$19,353	$109,817	$15,316
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	$825	$1,255	$1,548	$9,770	($25)	-err	($165)	-err
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	$1,741	$1,630	$946	$2,749	($533)	$2,080	($9,699)	$1,445
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	$9,079	$2,304	$120	$1,725	($1,447)	$5,987	($9,435)	$5,413
58	CWF		TOTAL EX LN CWF EX WDB	58	$17,203	$32,328	$10,172	$26,044	$48,879	$72,025	$165,063	$52,482
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	$348	$693	$562	($8,093)	$605	-err	$66	-err
66	CWF	CAT 3	TOTAL IX CWF	66	$664	$202	$0	$997	$2,034	$7,708	$7,492	$1,177
81			TOTAL TANGIBLE ASSETS	81	$375	($10)	($11)	$688	$0	$0	$0	$0
87			TELCOM PLT UNDER CONS-SHT TERM	87	($741)	($9,454)	$749	$1,475	($48,065)	($35,050)	$8,143	($24,177)
90			MATERIAL AND SUPPLIES	90	$458	$207	$241	$930	($303)	($670)	($1,243)	$80
93			GENERAL SUPPORT EXP	93	$2,921	$2,083	$57	$268	($1,022)	$707	$1,762	$2,225
94			CO EXP-CO SWITCHING EXP	94	$360	$2,246	$606	-err	$2,624	$3,993	$9,559	$2,480
96			COT EXP	96	$304	$477	$0	-err	$2,132	$329	$782	$751
101			CWF EXPENSES	101	($218)	$1,490	$314	$741	$3,437	$4,979	$14,869	$1,389
105			TOTAL NETWK OP EXP	105	$2,188	$1,546	$694	$175	$9,100	$5,066	$13,527	$5,593
115	CUST OPER		MKG EXP	115	$30	$742	$398	$466	$8,107	$983	$10,959	$1,274
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	($663)	$775	($308)	($206)	$9,375	$1,488	$12,120	$3,201
173	CUST SERV		TOTAL CUST SVC EXP	173	($384)	$257	($149)	$1,079	$9,113	$1,696	$7,385	$1,023
176			CORP OP EXP EXEC & PLAN EXP	176	($368)	$81	($136)	$358	($662)	$99	($1,177)	($604)
179			TOTAL GEN AND ADMIN EXP	179	($189)	$542	$103	$7,198	($892)	$2,459	$3,203	$8,411

C Projected change in cost per million MOU

5868

C Projected change in cost per line

ROW SEQ COSB					49 US PNWA	50 CE CEFL	51 CE CENV	52 CB CBTC	53 CO COCA	54 CO CONY	55 CO COTX	56 CO COVA
1	GSF		GSF	1	$0.0250	$0.0166	$0.0067	$0.0244	$0.0550	$0.0103	$0.0415	$0.0398
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	$0.0259	$0.0035	$0.0018	$0.0025	$0.0014	$0.0020	$0.0006	$0.0016
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	$0.0064	$0.0610	$0.0327	$0.0223	$0.0299	$0.0269	$0.0838	$0.0391
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	$0.0019	$0.0029	$0.0057	$0.0208	($0.0000)	-err	($0.0001)	-err
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	$0.0041	$0.0038	$0.0035	$0.0059	($0.0006)	$0.0029	($0.0074)	$0.0037
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	$0.0213	$0.0054	$0.0004	$0.0037	($0.0017)	$0.0083	($0.0072)	$0.0138
58	CWF		TOTAL EX LN CWF EX WDB	58	$0.0404	$0.0758	$0.0376	$0.0554	$0.0590	$0.1002	$0.1259	$0.1338
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	$0.0008	$0.0016	$0.0021	($0.0172)	$0.0007	-err	$0.0001	-err
66	CWF	CAT 3	TOTAL IX CWF	66	$0.0016	$0.0005	$0.0000	$0.0021	$0.0025	$0.0107	$0.0057	$0.0030
81			TOTAL TANGIBLE ASSETS	81	$0.0009	($0.0000)	($0.0000)	$0.0015	$0.0000	$0.0000	$0.0000	$0.0000
87			TELCOM PLT UNDER CONS-SHT TERM	87	($0.0017)	($0.0222)	$0.0028	$0.0031	($0.0580)	($0.0488)	$0.0062	($0.0617)
90			MATERIAL AND SUPPLIES	90	$0.0011	$0.0005	$0.0009	$0.0020	($0.0004)	($0.0009)	($0.0009)	$0.0002
93			GENERAL SUPPORT EXP	93	$0.0069	$0.0049	$0.0002	$0.0006	($0.0012)	$0.0010	$0.0013	$0.0057
94			CO EXP-CO SWITCHING EXP	94	$0.0008	$0.0053	$0.0022	-err	$0.0032	$0.0056	$0.0073	$0.0063
96			COT EXP	96	$0.0007	$0.0011	$0.0000	-err	$0.0026	$0.0005	$0.0006	$0.0019
101			CWF EXPENSES	101	($0.0005)	$0.0035	$0.0012	$0.0016	$0.0042	$0.0069	$0.0113	$0.0035
105			TOTAL NETWK OP EXP	105	$0.0051	$0.0036	$0.0026	$0.0004	$0.0110	$0.0070	$0.0103	$0.0143
115	CUST OPER		MKG EXP	115	$0.0001	$0.0017	$0.0015	$0.0010	$0.0098	$0.0014	$0.0084	$0.0032
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	($0.0016)	$0.0018	($0.0011)	($0.0004)	$0.0113	$0.0021	$0.0092	$0.0082
173	CUST SERV		TOTAL CUST SVC EXP	173	($0.0009)	$0.0006	($0.0006)	$0.0023	$0.0110	$0.0024	$0.0056	$0.0026
176			CORP OP EXP EXEC & PLAN EXP	176	($0.0009)	$0.0002	($0.0005)	$0.0008	($0.0008)	$0.0001	($0.0009)	($0.0015)
179			TOTAL GEN AND ADMIN EXP	179	($0.0004)	$0.0013	$0.0004	$0.0153	($0.0011)	$0.0034	$0.0024	$0.0214

C Projected change in cost per million MOU

C Projected change in cost per million MOU

ROW SEQ COSB					57 GT GTCA	58 GT GTFL	59 GT GTID	60 GT GTMT	61 GT GTOR	62 GT GTWA	63 GT GNCA	64 GT GTAL
1	GSF		GSF	1	$16,112	$10,449	$25,622	$25,406	$18,168	$33,841	$77,643	$1,047
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	$3,772	($1,621)	$1,373	-err	$18,492	$16,663	$39,757	$4,443
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	$14,668	$800	$9,644	$10,272	($346)	$11,419	$78,812	$16,028
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	$1,608	$16,388	$2,225	-err	($3,583)	$1,220	($6,548)	$1,230
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	$7,285	$3,943	$5,965	$5,803	$7,006	$13,937	$62,519	$20,608
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	$3,234	($21,524)	$1,436	($12,938)	$7,466	$12,006	$156	$6,392
58	CWF		TOTAL EX LN CWF EX WDB	58	$53,296	$36,972	$15,292	$32,306	$23,997	$32,893	$81,930	$51,917
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	$3,651	($80)	$22	$78	$540	$804	$857	$1,846
66	CWF	CAT 3	TOTAL IX CWF	66	$4,540	$278	($847)	-err	($1,646)	$108	$1,793	$1,805
81			TOTAL TANGIBLE ASSETS	81	($280)	$3	($1,382)	($2,431)	($937)	($1,284)	($5,223)	($1,180)
87			TELCOM PLT UNDER CONS-SHT TERM	87	($11,602)	($387)	($3,094)	($1,882)	$2,103	($5,703)	($91,129)	($2,265)
90			MATERIAL AND SUPPLIES	90	($86)	$304	$272	$0	$272	$397	($1,481)	($99)
93			GENERAL SUPPORT EXP	93	$508	$1,341	($1,128)	($157)	($847)	($822)	($935)	$6,758
94			CO EXP-CO SWITCHING EXP	94	$1,200	$2,553	$682	$1,960	$1,502	$4,394	($23,386)	$891
96			COT EXP	96	$301	($355)	($250)	($1,255)	($65)	$73	$1,949	$61
101			CWF EXPENSES	101	($3,968)	($1,656)	($6,371)	($13,958)	($4,172)	($5,257)	($23,152)	($868)
105			TOTAL NETWK OP EXP	105	($5,392)	($350)	($8,850)	($3,529)	($4,600)	($4,704)	($7,406)	$72
115	CUST OPER		MKG EXP	115	$305	$1,831	$2,581	$4,313	$1,455	$815	$6,626	($708)
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	($439)	$207	$375	($1,411)	($803)	($5)	($468)	($1,260)
173	CUST SERV		TOTAL CUST SVC EXP	173	($609)	$240	$1,070	$1,333	$893	$962	$1,715	$206
176			CORP OP EXP EXEC & PLAN EXP	176	($174)	($214)	($152)	($78)	($200)	($204)	($1,481)	$533
179			TOTAL GEN AND ADMIN EXP	179	($958)	$1,998	$4,231	$7,136	$3,210	$4,669	$9,199	$975

C Projected change in cost per million MOU

5869

C Projected change in cost per line

ROW SEQ COSB					57 GT GTCA	58 GT GTFL	59 GT GTID	60 GT GTMT	61 GT GTOR	62 GT GTWA	63 GT GNCA	64 GT GTAL
1	GSF		GSF	1	$0.0261	$0.0261	$0.0801	$0.0513	$0.0487	$0.0662	$0.1015	$0.0023
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	$0.0061	($0.0040)	$0.0043	-err	$0.0496	$0.0326	$0.0520	$0.0097
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	$0.0237	$0.0020	$0.0301	$0.0207	($0.0009)	$0.0223	$0.1030	$0.0351
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	$0.0026	$0.0409	$0.0070	-err	($0.0096)	$0.0024	($0.0086)	$0.0027
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	$0.0118	$0.0098	$0.0186	$0.0117	$0.0188	$0.0273	$0.0817	$0.0451
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	$0.0052	($0.0537)	$0.0045	($0.0261)	$0.0200	$0.0235	$0.0002	$0.0140
58	CWF		TOTAL EX LN CWF EX WDB	58	$0.0863	$0.0922	$0.0478	$0.0652	$0.0643	$0.0643	$0.1071	$0.1136
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	$0.0059	($0.0002)	$0.0001	$0.0002	$0.0014	$0.0016	$0.0011	$0.0040
66	CWF	CAT 3	TOTAL IX CWF	66	$0.0073	$0.0007	($0.0026)	-err	($0.0044)	$0.0002	$0.0023	$0.0039
81			TOTAL TANGIBLE ASSETS	81	($0.0005)	$0.0000	($0.0043)	($0.0049)	($0.0025)	($0.0025)	($0.0068)	($0.0026)
87			TELCOM PLT UNDER CONS-SHT TERM	87	($0.0188)	($0.0010)	($0.0097)	($0.0038)	$0.0056	($0.0112)	($0.1191)	($0.0050)
90			MATERIAL AND SUPPLIES	90	($0.0001)	$0.0008	$0.0009	$0.0000	$0.0007	$0.0008	($0.0019)	($0.0002)
93			GENERAL SUPPORT EXP	93	$0.0008	$0.0033	($0.0035)	($0.0003)	($0.0023)	($0.0016)	($0.0012)	$0.0148
94			CO EXP-CO SWITCHING EXP	94	$0.0019	$0.0064	$0.0021	$0.0040	$0.0040	$0.0086	($0 0306)	$0.0019
96			COT EXP	96	$0.0005	($0.0009)	($0.0008)	($0.0025)	($0.0002)	$0.0001	$0.0025	$0.0001
101			CWF EXPENSES	101	($0.0064)	($0.0041)	($0.0199)	($0.0282)	($0.0112)	($0.0103)	($0.0303)	($0.0019)
105			TOTAL NETWK OP EXP	105	($0.0087)	($0.0009)	($0.0277)	($0.0071)	($0.0123)	($0.0092)	($0.0097)	$0.0002
115	CUST OPER		MKG EXP	115	$0.0005	$0.0046	$0.0081	$0.0087	$0.0039	$0.0016	$0.0087	($0.0015)
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	($0.0007)	$0.0005	$0.0012	($0.0028)	($0.0022)	($0.0000)	($0.0006)	($0.0028)
173	CUST SERV		TOTAL CUST SVC EXP	173	($0.0010)	$0.0006	$0.0033	$0.0027	$0.0024	$0.0019	$0.0022	$0.0004
176			CORP OP EXP EXEC & PLAN EXP	176	($0.0003)	($0.0005)	($0.0005)	($0.0002)	($0.0005)	($0.0004)	($0.0019)	$0.0012
179			TOTAL GEN AND ADMIN EXP	179	($0.0016)	$0.0050	$0.0132	$0.0144	$0.0086	$0.0091	$0.0120	$0.0021

C Projected change in cost per million MOU

2lande combined mou and line from scr1 and scr2

C Projected change in cost per million MOU

ROW SEQ COS8					65	66	67	68	69	70	71	72
					GT	GT	GT	GT	GT	GT	GT	GT
					GTGA	GTKY	GTNC	GTSC	GTTN	GTVA	GTWV	GTAR
1	GSF		GSF	1	$1	$5,712	$47,464	$4,225	$4,379	$1,553	$4,937	$35,827
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	($7,241)	$3,389	($4,553)	$1,478	($22)	-err	($9,989)	($145)
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	$26,860	$21,939	$20,713	$26,155	$29,500	($267)	$6,445	$8,471
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	$3,349	$1,869	$4,653	($236)	($1,089)	$2,723	$382	$7,395
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	$17,124	$5,966	$947	$1,952	$16,340	$21,246	$7,566	$14,694
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	$4,021	$2,837	$5,530	($3,722)	($11,079)	$4,543	$10,007	($120)
58	CWF		TOTAL EX LN CWF EX WDB	58	$80,368	$29,882	$26,308	$44,801	$33,487	$20,244	$42,876	$29,548
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	$1,406	$738	$3,948	$1,961	$1,852	$3,023	$624	$1,534
66	CWF	CAT 3	TOTAL IX CWF	66	($2,593)	$2,413	$213	($553)	($3,835)	$635	($1,460)	$5,171
81			TOTAL TANGIBLE ASSETS	81	($3,402)	($2,166)	($2,613)	($1,086)	($1,536)	$869	($2,908)	($353)
87			TELCOM PLT UNDER CONS-SHT TERM	87	($26,606)	($5,904)	$545	$813	$523	($9,069)	($1,411)	($14,718)
90			MATERIAL AND SUPPLIES	90	($10,492)	$952	-err	($1,408)	($349)	-err	($6,682)	$104
93			GENERAL SUPPORT EXP	93	$7,134	$5,916	$2,266	$2,233	$5,741	($5,428)	$5,107	($1,020)
94			CO EXP-CO SWITCHING EXP	94	($1,550)	$497	$1,758	$1,403	$174	($1,704)	($1,551)	($249)
96			COT EXP	96	($3,048)	$102	$71	$269	$882	($9,186)	$1,581	$177
101			CWF EXPENSES	101	($3,305)	($3,004)	($879)	$1,540	($3,562)	$14,097	($11,431)	($3,557)
105			TOTAL NETWK OP EXP	105	($2,078)	($2,620)	($250)	$797	($3,889)	$4,025	$6,397	($1,775)
115	CUST OPER		MKG EXP	115	($1,130)	$1,014	$326	($463)	($370)	$1,136	($327)	$1,269
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	($775)	($1,233)	($1,577)	$157	($752)	$885	($557)	$273
173	CUST SERV		TOTAL CUST SVC EXP	173	$725	$3,029	$300	$1,024	$2,734	$3,374	($818)	($8)
176			CORP OP EXP EXEC & PLAN EXP	176	$703	($268)	$468	$379	$131	$84	$79	$8
179			TOTAL GEN AND ADMIN EXP	179	$3,129	($1,290)	$3,332	$1,187	($2,407)	$1,253	($594)	$1,646

C Projected change in cost per million MOU

5870

C Projected change in cost per line

ROW SEQ COS8					65	66	67	68	69	70	71	72
					GT	GT	GT	GT	GT	GT	GT	GT
					GTGA	GTKY	GTNC	GTSC	GTTN	GTVA	GTWV	GTAR
1	GSF		GSF	1	$0.0000	$0.0117	$0.1341	$0.0120	$0.0083	$0.0033	$0.0131	$0.0668
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	($0.0119)	$0.0070	($0.0129)	$0.0042	($0.0000)	-err	($0.0265)	($0.0003)
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	$0.0442	$0.0451	$0.0585	$0.0740	$0.0557	($0.0006)	$0.0171	$0.0158
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	$0.0055	$0.0038	$0.0131	($0.0007)	($0.0021)	$0.0057	$0.0010	$0.0138
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	$0.0282	$0.0123	$0.0027	$0.0055	$0.0309	$0.0448	$0.0200	$0.0274
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	$0.0066	$0.0058	$0.0156	($0.0105)	($0.0209)	$0.0096	$0.0265	($0.0002)
58	CWF		TOTAL EX LN CWF EX WDB	58	$0.1323	$0.0614	$0.0743	$0.1268	$0.0633	$0.0427	$0.1136	$0.0551
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	$0.0023	$0.0015	$0.0112	$0.0055	$0.0035	$0.0064	$0.0017	$0.0029
66	CWF	CAT 3	TOTAL IX CWF	66	($0.0043)	$0.0050	$0.0006	($0.0016)	($0.0072)	$0.0013	($0.0039)	$0.0096
81			TOTAL TANGIBLE ASSETS	81	($0.0056)	($0.0045)	($0.0074)	($0.0031)	($0.0029)	$0.0018	($0.0077)	($0.0007)
87			TELCOM PLT UNDER CONS-SHT TERM	87	($0.0438)	($0.0121)	$0.0015	$0.0023	$0.0010	($0.0191)	($0.0037)	($0.0274)
90			MATERIAL AND SUPPLIES	90	($0.0173)	$0.0020	-err	($0.0040)	($0.0007)	-err	($0.0177)	$0.0002
93			GENERAL SUPPORT EXP	93	$0.0117	$0.0122	$0.0064	$0.0063	$0.0108	($0.0114)	$0.0135	($0.0019)
94			CO EXP-CO SWITCHING EXP	94	($0.0026)	$0.0010	$0.0050	$0.0040	$0.0003	($0.0036)	($0.0041)	($0.0005)
96			COT EXP	96	($0.0050)	$0.0002	$0.0002	$0.0008	$0.0017	($0.0194)	$0.0042	$0.0003
101			CWF EXPENSES	101	($0.0054)	($0.0062)	($0.0025)	$0.0044	($0.0067)	$0.0297	($0.0303)	($0.0066)
105			TOTAL NETWK OP EXP	105	($0.0034)	($0.0054)	($0.0007)	$0.0023	($0.0073)	$0.0085	$0.0169	($0.0033)
115	CUST OPER		MKG EXP	115	($0.0019)	$0.0021	$0.0009	($0.0013)	($0.0007)	$0.0024	($0.0009)	$0.0024
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	($0.0013)	($0.0025)	($0.0045)	$0.0004	($0.0014)	$0.0019	($0.0015)	$0.0005
173	CUST SERV		TOTAL CUST SVC EXP	173	$0.0012	$0.0062	$0.0008	$0.0029	$0.0052	$0.0071	($0.0022)	($0.0000)
176			CORP OP EXP EXEC & PLAN EXP	176	$0.0012	($0.0006)	$0.0013	$0.0011	$0.0002	$0.0002	$0.0002	$0.0000
179			TOTAL GEN AND ADMIN EXP	179	$0.0052	($0.0027)	$0.0094	$0.0034	($0.0045)	$0.0026	($0.0016)	$0.0031

C Projected change in cost per million MOU

2lande combined mou and line from scr1 and scr2

C Projected change in cost per million MOU

ROW SEQ COS8					73 GT GTNM	74 GT GTOK	75 GT GTTX	76 GT GTIL	77 GT GTIN	78 GT GTIA	79 GT GTMI	80 GT GTMN
1	GSF		GSF	1	$37,110	$29,445	$36,114	$9,450	$10,628	$14,174	$5,475	($2,616)
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	$6,727	($65)	($1,513)	$3,307	$2,512	($540)	($136)	-err
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	$2,812	$1,095	$12,662	$15,734	$9,726	$4,232	$36,088	$107,260
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	$29,739	$15,622	$18,046	$927	($2,759)	$2,686	$893	$436
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	$5,380	$7,972	$4,703	($1,795)	($831)	($133)	($936)	($2,398)
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	($37,852)	($18,351)	($21,269)	($3,800)	($4,666)	($8,317)	$1,067	$436
58	CWF		TOTAL EX LN CWF EX WDB	58	$13,102	$39,065	$37,006	$18,519	$16,524	$39,011	$65,152	$1,308
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	$10	$276	$186	$3,150	$1,469	($1,639)	($2,560)	($872)
66	CWF	CAT 3	TOTAL IX CWF	66	($693)	$966	$369	($1,150)	($580)	$0	($8,815)	($436)
81			TOTAL TANGIBLE ASSETS	81	($810)	($315)	($130)	$424	$784	($373)	$209	-err
87			TELCOM PLT UNDER CONS-SHT TERM	87	$2,577	$18,722	$10,201	($4,668)	$2,338	($1,140)	$9,381	($6,322)
90			MATERIAL AND SUPPLIES	90	($49)	$319	($376)	($479)	$454	($1,266)	$602	-err
93			GENERAL SUPPORT EXP	93	($478)	($802)	($1,037)	$3,758	$9,873	($2,146)	$3,398	$8,720
94			CO EXP-CO SWITCHING EXP	94	$1,142	($371)	($1,250)	$1,042	$461	$920	$1,977	($22,673)
96			COT EXP	96	($908)	$181	$128	($2,516)	($1,273)	($1,406)	($765)	($1,744)
101			CWF EXPENSES	101	($78)	($1,237)	($1,486)	($2,603)	($287)	($10,742)	$2,171	($3,924)
105			TOTAL NETWK OP EXP	105	($1,259)	($1,100)	($1,933)	$2,053	($1,185)	($8,230)	$45,822	$10,028
115	CUST OPER		MKG EXP	115	($849)	($99)	$901	($234)	($391)	$406	($671)	$2,180
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	$244	$2,531	$223	$441	($977)	($2,252)	($2,945)	$3,052
173	CUST SERV		TOTAL CUST SVC EXP	173	($410)	($9)	$14	$968	($291)	($1,613)	($481)	$4,360
176			CORP OP EXP EXEC & PLAN EXP	176	$10	$4	$5	$185	$620	$533	$439	$872
179			TOTAL GEN AND ADMIN EXP	179	$2,011	$1,337	$1,216	$11,818	$4,924	($1,579)	$8,515	$7,848

C Projected change in cost per million MOU

C Projected change in cost per line

ROW SEQ COS8					73 GT GTNM	74 GT GTOK	75 GT GTTX	76 GT GTIL	77 GT GTIN	78 GT GTIA	79 GT GTMI	80 GT GTMN
1	GSF		GSF	1	$0.1069	$0.0685	$0.0649	$0.0151	$0.0244	$0.0204	$0.0068	($0.0039)
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	$0.0194	($0.0002)	($0.0027)	$0.0053	$0.0058	($0.0008)	($0.0002)	-err
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	$0.0081	$0.0025	$0.0227	$0.0251	$0.0223	$0.0061	$0.0448	$0.1590
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	$0.0857	$0.0363	$0.0324	$0.0015	($0.0063)	$0.0039	$0.0011	$0.0006
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	$0.0155	$0.0185	$0.0084	($0.0029)	($0.0019)	($0.0002)	($0.0012)	($0.0036)
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	($0.1091)	($0.0427)	($0.0382)	($0.0061)	($0.0107)	($0.0119)	$0.0013	$0.0006
58	CWF		TOTAL EX LN CWF EX WDB	58	$0.0377	$0.0909	$0.0665	$0.0295	$0.0379	$0.0560	$0.0810	$0.0019
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	$0.0000	$0.0006	$0.0003	$0.0050	$0.0034	($0.0024)	($0.0032)	($0.0013)
66	CWF	CAT 3	TOTAL IX CWF	66	($0.0020)	$0.0022	$0.0007	($0.0018)	($0.0013)	$0.0000	($0.0110)	($0.0006)
81			TOTAL TANGIBLE ASSETS	81	($0.0023)	($0.0007)	($0.0002)	$0.0007	$0.0018	($0.0005)	$0.0003	-err
87			TELCOM PLT UNDER CONS-SHT TERM	87	$0.0074	$0.0436	$0.0183	($0.0074)	$0.0054	($0.0016)	$0.0117	($0.0094)
90			MATERIAL AND SUPPLIES	90	($0.0001)	$0.0007	($0.0007)	($0.0008)	$0.0010	($0.0018)	$0.0007	-err
93			GENERAL SUPPORT EXP	93	($0.0014)	($0.0019)	($0.0019)	$0.0060	$0.0226	($0.0031)	$0.0042	$0.0129
94			CO EXP-CO SWITCHING EXP	94	$0.0033	($0.0009)	($0.0022)	$0.0017	$0.0011	$0.0013	$0.0025	($0.0336)
96			COT EXP	96	($0.0026)	$0.0004	$0.0002	($0.0040)	($0.0029)	($0.0020)	($0.0010)	($0.0026)
101			CWF EXPENSES	101	($0.0002)	($0.0029)	($0.0027)	($0.0041)	($0.0007)	($0.0154)	$0.0027	($0.0058)
105			TOTAL NETWK OP EXP	105	($0.0036)	($0.0026)	($0.0035)	$0.0033	($0.0027)	($0.0118)	$0.0569	$0.0149
115	CUST OPER		MKG EXP	115	($0.0024)	($0.0002)	$0.0016	($0.0004)	($0.0009)	$0.0006	($0.0008)	$0.0032
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	$0.0007	$0.0059	$0.0004	$0.0007	($0.0022)	($0.0032)	($0.0037)	$0.0045
173	CUST SERV		TOTAL CUST SVC EXP	173	($0.0012)	($0.0000)	$0.0000	$0.0015	($0.0007)	($0.0023)	($0.0006)	$0.0065
176			CORP OP EXP EXEC & PLAN EXP	176	$0.0000	$0.0000	$0.0000	$0.0003	$0.0014	$0.0008	$0.0005	$0.0013
179			TOTAL GEN AND ADMIN EXP	179	$0.0058	$0.0031	$0.0022	$0.0188	$0.0113	($0.0023)	$0.0106	$0.0116

C Projected change in cost per million MOU

5871

C Projected change in cost per million MOU

ROW SEQ COS8					81 GT GTMO	82 GT GTNE	83 GT GTOH	84 GT GTPA	85 GT GTWI	86 GT GTHI	87 LT LTNE	88 RT RTNY
1	GSF		GSF	1	$10,865	$369	$7,292	$6,416	$8,748	$16,690	$1,613	$12,838
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	($1,720)	-err	$6,165	$2,342	$1,157	$4,514	($2,877)	$3,966
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	$51,391	$24,173	($3,980)	$23,061	$34,444	$10,455	$205	$27,297
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	($570)	($519)	($1,962)	$2,422	($1,721)	($7,921)	$303	$5,494
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	($4,074)	($6,258)	($2,337)	($185)	($6,458)	$5,238	$3,424	$2,871
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	($3,588)	($3,703)	$4,509	($4,434)	($3,925)	($2,652)	$809	$1,922
58	CWF		TOTAL EX LN CWF EX WDB	58	$38,183	$21,713	$27,884	$20,451	$36,640	$29,956	$17,239	$32,406
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	$987	($1,435)	($803)	$1,077	($2,266)	$294	($352)	$1,085
66	CWF	CAT 3	TOTAL IX CWF	66	$390	$5,029	$2,016	($2,962)	$5,890	($10,508)	$1,844	$2,543
81			TOTAL TANGIBLE ASSETS	81	$792	$533	$513	$117	$728	($3,997)	($23)	$6,381
87			TELCOM PLT UNDER CONS-SHT TERM	87	$623	$5,452	$10,581	$1,079	$9,486	($10,778)	($293)	$4,028
90			MATERIAL AND SUPPLIES	90	$533	($2,214)	($1,180)	($240)	($275)	($351)	($200)	($566)
93			GENERAL SUPPORT EXP	93	$11,498	$6,887	$1,819	$2,469	$1,829	$3,033	$272	$3,168
94			CO EXP-CO SWITCHING EXP	94	$929	$3,594	$1,796	$5,050	$6,620	$1,264	-err	-err
96			COT EXP	96	($2,037)	($1,927)	$665	($2,066)	$525	($1,791)	-err	-err
101			CWF EXPENSES	101	($7,588)	($6,764)	($1,272)	($679)	($1,035)	$3,328	($781)	$1,410
105			TOTAL NETWK OP EXP	105	$12,311	$4,386	($1,424)	$132	$34,212	($375)	$437	$1,088
115	CUST OPER		MKG EXP	115	($712)	($1,804)	($72)	($1,084)	$816	($999)	$110	$271
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	$1,942	($369)	$150	($1,056)	$439	($365)	($46)	$1,093
173	CUST SERV		TOTAL CUST SVC EXP	173	$860	($451)	$36	($505)	($2,563)	$260	$539	($30,468)
176			CORP OP EXP EXEC & PLAN EXP	176	$396	$875	$680	$467	$341	($85)	($33)	$542
179			TOTAL GEN AND ADMIN EXP	179	$6,348	$11,000	$6,635	$7,015	$7,435	$3,342	$809	$7,939

C Projected change in cost per million MOU

5872

C Projected change in cost per line

ROW SEQ COS8					81 GT GTMO	82 GT GTNE	83 GT GTOH	84 GT GTPA	85 GT GTWI	86 GT GTHI	87 LT LTNE	88 RT RTNY
1	GSF		GSF	1	$0.0229	$0.0006	$0.0103	$0.0107	$0.0123	$0.0322	$0.0030	$0.0225
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	($0.0036)	-err	$0.0087	$0.0039	$0.0016	$0.0087	($0.0053)	$0.0070
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	$0.1082	$0.0400	($0.0056)	$0.0384	$0.0484	$0.0202	$0.0004	$0.0479
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	($0.0012)	($0.0009)	($0.0028)	$0.0040	($0.0024)	($0.0153)	$0.0006	$0.0096
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	($0.0086)	($0.0104)	($0.0033)	($0.0003)	($0.0091)	$0.0101	$0.0064	$0.0050
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	($0.0076)	($0.0061)	$0.0064	($0.0074)	($0.0055)	($0.0051)	$0.0015	$0.0034
58	CWF		TOTAL EX LN CWF EX WDB	58	$0.0804	$0.0360	$0.0393	$0.0340	$0.0515	$0.0578	$0.0320	$0.0568
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	$0.0021	($0.0024)	($0.0011)	$0.0018	($0.0032)	$0.0006	($0.0007)	$0.0019
66	CWF	CAT 3	TOTAL IX CWF	66	$0.0008	$0.0083	$0.0028	($0.0049)	$0.0083	($0.0203)	$0.0034	$0.0045
81			TOTAL TANGIBLE ASSETS	81	$0.0017	$0.0009	$0.0007	$0.0002	$0.0010	($0.0077)	($0.0000)	$0.0112
87			TELCOM PLT UNDER CONS-SHT TERM	87	$0.0013	$0.0090	$0.0149	$0.0018	$0.0133	($0.0208)	($0.0005)	$0.0071
90			MATERIAL AND SUPPLIES	90	$0.0011	($0.0037)	($0.0017)	($0.0004)	($0.0004)	($0.0007)	($0.0004)	($0.0010)
93			GENERAL SUPPORT EXP	93	$0.0242	$0.0114	$0.0026	$0.0041	$0.0026	$0.0058	$0.0005	$0.0056
94			CO EXP-CO SWITCHING EXP	94	$0.0020	$0.0060	$0.0025	$0.0084	$0.0093	$0.0024	-err	-err
96			COT EXP	96	($0.0043)	($0.0032)	$0.0009	($0.0034)	$0.0007	($0.0035)	-err	-err
101			CWF EXPENSES	101	($0.0160)	($0.0112)	($0.0018)	($0.0011)	($0.0015)	$0.0064	($0.0014)	$0.0025
105			TOTAL NETWK OP EXP	105	$0.0259	$0.0073	($0.0020)	$0.0002	$0.0480	($0.0007)	$0.0008	$0.0019
115	CUST OPER		MKG EXP	115	($0.0015)	($0.0030)	($0.0001)	($0.0018)	$0.0011	($0.0019)	$0.0002	$0.0005
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	$0.0041	($0.0006)	$0.0002	($0.0018)	$0.0006	($0.0007)	($0.0001)	$0.0019
173	CUST SERV		TOTAL CUST SVC EXP	173	$0.0018	($0.0007)	$0.0001	($0.0008)	($0.0036)	$0.0005	$0.0010	($0.0534)
176			CORP OP EXP EXEC & PLAN EXP	176	$0.0008	$0.0014	$0.0010	$0.0008	$0.0005	($0.0002)	($0.0001)	$0.0010
179			TOTAL GEN AND ADMIN EXP	179	$0.0134	$0.0182	$0.0093	$0.0117	$0.0104	$0.0064	$0.0015	$0.0139

C Projected change in cost per million MOU

2lande combined mou and line from scr1 and scr2

C Projected change in cost per million MOU

ROW SEQ COS8					89 SN SNCT	90 UT UTFL	91 UT UTIN	92 UT UTNC	93 UT UTOH	94 UT UTPA	95 UT UTTN	96 UT UTVA
1	GSF		GSF	1	$14,664	$11,788	$20,473	$7,517	($810)	$35,375	$7,098	$2,664
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	$1,784	$1,945	($23,405)	($2,304)	-err	($8,872)	$9,985	$6,697
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	$10,785	$13,870	$45,030	$14,079	($995)	$28,837	($3,803)	$11,074
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	$3,420	$619	($2,327)	$655	$786	($197)	$801	($1,283)
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	$8,009	$3,385	$7,066	$3,705	$2,695	$8,015	($4,369)	$2,978
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	$5,910	$4,663	$3,780	($3,680)	$5,457	$2,852	$969	$15,722
58	CWF		TOTAL EX LN CWF EX WDB	58	$16,839	$45,312	$47,245	$20,211	$25,969	$17,675	$23,193	$32,445
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	$983	$685	($837)	$936	$1,533	$935	($839)	$1,909
66	CWF	CAT 3	TOTAL IX CWF	66	$2,067	($1,692)	($5,982)	$3,474	$4,779	$5,009	$1,523	($1,185)
81			TOTAL TANGIBLE ASSETS	81	$171	$1,208	-err	$24	($1,776)	($3,927)	$301	$318
87			TELCOM PLT UNDER CONS-SHT TERM	87	($3,403)	($7,146)	($13,980)	($7,843)	$805	($2,136)	($70)	$670
90			MATERIAL AND SUPPLIES	90	($329)	$718	$377	$725	$795	($112)	($322)	($425)
93			GENERAL SUPPORT EXP	93	$278	$1,835	$593	$1,281	$2,755	$1,406	$1,591	($2,012)
94			CO EXP-CO SWITCHING EXP	94	$1,274	$1,852	$2,227	($1,589)	$2,237	$84	$832	$1,517
96			COT EXP	96	$159	$784	($794)	$298	($1,651)	($1,401)	($665)	($1,462)
101			CWF EXPENSES	101	$938	$1,711	$3,942	$8,857	$5,055	$3,086	$1,472	$3,945
105			TOTAL NETWK OP EXP	105	$1,982	$2,264	$9,244	$2,368	$1,064	$5,517	$290	$1,658
115	CUST OPER		MKG EXP	115	($286)	$545	$1,785	$232	$681	$312	$465	$459
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	($135)	$743	$1,718	$470	$1,056	($26)	$886	($24)
173	CUST SERV		TOTAL CUST SVC EXP	173	($210)	$138	$607	$508	$439	$120	$330	$529
176			CORP OP EXP EXEC & PLAN EXP	176	-err	$96	$378	$430	$342	($463)	($161)	$419
179			TOTAL GEN AND ADMIN EXP	179	-err	$2,247	$6,513	$2,522	$4,733	$3,756	$341	$6

C Projected change in cost per million MOU

C Projected change in cost per line

ROW SEQ COS8					89 SN SNCT	90 UT UTFL	91 UT UTIN	92 UT UTNC	93 UT UTOH	94 UT UTPA	95 UT UTTN	96 UT UTVA
1	GSF		GSF	1	$0.0467	$0.0262	$0.0319	$0.0157	($0.0013)	$0.0526	$0.0182	$0.0060
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	$0.0057	$0.0043	($0.0365)	($0.0048)	-err	($0.0132)	$0.0256	$0.0151
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	$0.0343	$0.0309	$0.0701	$0.0294	($0.0016)	$0.0429	($0.0098)	$0.0249
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	$0.0109	$0.0014	($0.0036)	$0.0014	$0.0012	($0.0003)	$0.0021	($0.0029)
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	$0.0255	$0.0075	$0.0110	$0.0077	$0.0042	$0.0119	($0.0112)	$0.0067
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	$0.0188	$0.0104	$0.0059	($0.0077)	$0.0085	$0.0042	$0.0025	$0.0354
58	CWF		TOTAL EX LN CWF EX WDB	58	$0.0536	$0.1008	$0.0736	$0.0423	$0.0406	$0.0263	$0.0595	$0.0731
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	$0.0031	$0.0015	($0.0013)	$0.0020	$0.0024	$0.0014	($0.0022)	$0.0043
66	CWF	CAT 3	TOTAL IX CWF	66	$0.0066	($0.0038)	($0.0093)	$0.0073	$0.0075	$0.0075	$0.0039	($0.0027)
81			TOTAL TANGIBLE ASSETS	81	$0.0005	$0.0027	-err	$0.0001	($0.0028)	($0.0058)	$0.0008	$0.0007
87			TELCOM PLT UNDER CONS-SHT TERM	87	($0.0108)	($0.0159)	($0.0218)	($0.0164)	$0.0013	($0.0032)	($0.0002)	$0.0015
90			MATERIAL AND SUPPLIES	90	($0.0010)	$0.0016	$0.0006	$0.0015	$0.0012	($0.0002)	($0.0008)	($0.0010)
93			GENERAL SUPPORT EXP	93	$0.0009	$0.0041	$0.0009	$0.0027	$0.0043	$0.0021	$0.0041	($0.0045)
94			CO EXP-CO SWITCHING EXP	94	$0.0041	$0.0041	$0.0035	($0.0033)	$0.0035	$0.0001	$0.0021	$0.0034
96			COT EXP	96	$0.0005	$0.0017	($0.0012)	$0.0006	($0.0026)	($0.0021)	($0.0017)	($0.0033)
101			CWF EXPENSES	101	$0.0030	$0.0038	$0.0061	$0.0185	$0.0079	$0.0046	$0.0038	$0.0089
105			TOTAL NETWK OP EXP	105	$0.0063	$0.0050	$0.0144	$0.0050	$0.0017	$0.0082	$0.0007	$0.0037
115	CUST OPER		MKG EXP	115	($0.0009)	$0.0012	$0.0028	$0.0005	$0.0011	$0.0005	$0.0012	$0.0010
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	($0.0004)	$0.0017	$0.0027	$0.0010	$0.0017	($0.0000)	$0.0023	($0.0001)
173	CUST SERV		TOTAL CUST SVC EXP	173	($0.0007)	$0.0003	$0.0009	$0.0011	$0.0007	$0.0002	$0.0008	$0.0012
176			CORP OP EXP EXEC & PLAN EXP	176	-err	$0.0002	$0.0006	$0.0009	$0.0005	($0.0007)	($0.0004)	$0.0009
179			TOTAL GEN AND ADMIN EXP	179	-err	$0.0050	$0.0101	$0.0053	$0.0074	$0.0056	$0.0009	$0.0000

C Projected change in cost per million MOU

C Projected change in cost per million MOU

ROW SEQ COS8					TIER 1 GRAND TOTAL EACH ROW	WEIGHTED MEAN FOR ROW	WEIGHTED STD. DEV. FOR ROW	FLAG 1 MEAN + STD.DEV.
1	GSF		GSF	1	1,259,208	12,083	8,341	20424
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	155,796	1,307	3,209	4516
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	1,428,195	11,032	7,314	18346
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	340,065	3,653	5,604	9257
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	555,221	4,614	5,455	10069
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	(194,662)	(80)	8,517	8436
58	CWF		TOTAL EX LN CWF EX WDB	58	2,461,242	18,682	15,417	34100
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	108,681	2,222	4,286	6508
66	CWF	CAT 3	TOTAL IX CWF	66	33,107	1,369	3,685	5054
81			TOTAL TANGIBLE ASSETS	81	(20,209)	160	1,106	1266
87			TELCOM PLT UNDER CONS-SHT TERM	87	(261,990)	(3,211)	9,176	5966
90			MATERIAL AND SUPPLIES	90	(7,827)	158	1,158	1316
93			GENERAL SUPPORT EXP	93	115,978	493	1,911	2404
94			CO EXP-CO SWITCHING EXP	94	43,404	445	1,566	2012
96			COT EXP	96	(12,234)	10	767	778
101			CWF EXPENSES	101	(14,509)	334	2,160	2494
105			TOTAL NETWK OP EXP	105	228,200	1,617	4,229	5846
115	CUST OPER		MKG EXP	115	84,051	952	836	1788
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	43,069	556	1,377	1933
173	CUST SERV		TOTAL CUST SVC EXP	173	16,275	(867)	5,890	5023
176			CORP OP EXP EXEC & PLAN EXP	176	(1,740)	56	521	576
179			TOTAL GEN AND ADMIN EXP	179	224,901	2,633	3,117	5750

C Projected change in cost per million MOU

5874

C Projected change in cost per line

ROW SEQ COS8					TIER 1 GRAND TOTAL EACH ROW	WEIGHTED MEAN FOR ROW	WEIGHTED STD. DEV. FOR ROW	FLAG 1 MEAN + STD.DEV.
1	GSF		GSF	1	$2.7366	$0.0276	$0.0221	$0.0497
21	COE	CAT 2	TOTAL TANDEM SW EQPT	21	$0.3601	$0.0030	$0.0070	$0.0100
25	COE	CAT 3	TOTAL LOCAL SW EQPT	25	$2.7987	$0.0244	$0.0121	$0.0365
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	33	$0.8596	$0.0089	$0.0141	$0.0230
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	37	$1.3062	$0.0113	$0.0135	$0.0249
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	47	($0.4977)	($0.0005)	$0.0211	$0.0206
58	CWF		TOTAL EX LN CWF EX WDB	58	$5.0764	$0.0407	$0.0259	$0.0666
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	62	$0.2556	$0.0052	$0.0098	$0.0150
66	CWF	CAT 3	TOTAL IX CWF	66	$0.0293	$0.0032	$0.0090	$0.0122
81			TOTAL TANGIBLE ASSETS	81	($0.0397)	$0.0004	$0.0027	$0.0031
87			TELCOM PLT UNDER CONS-SHT TERM	87	($0.4156)	($0.0059)	$0.0148	$0.0089
90			MATERIAL AND SUPPLIES	90	($0.0059)	$0.0003	$0.0023	$0.0025
93			GENERAL SUPPORT EXP	93	$0.2381	$0.0012	$0.0041	$0.0053
94			CO EXP-CO SWITCHING EXP	94	$0.1087	$0.0010	$0.0032	$0.0042
96			COT EXP	96	($0.0159)	$0.0002	$0.0016	$0.0018
101			CWF EXPENSES	101	($0.0206)	$0.0010	$0.0043	$0.0053
105			TOTAL NETWK OP EXP	105	$0.4148	$0.0037	$0.0076	$0.0113
115	CUST OPER		MKG EXP	115	$0.1678	$0.0023	$0.0019	$0.0042
167	CUST SERV		TOTAL LOCAL BUS OFF EXP	167	$0.0725	$0.0013	$0.0032	$0.0045
173	CUST SERV		TOTAL CUST SVC EXP	173	$0.0271	($0.0015)	$0.0103	$0.0088
176			CORP OP EXP EXEC & PLAN EXP	176	($0.0087)	$0.0001	$0.0013	$0.0014
179			TOTAL GEN AND ADMIN EXP	179	$0.4301	$0.0057	$0.0075	$0.0132

C Projected change in cost per million MOU

1 print02

Line	Category			Scaling Factor MOU	Access lines
1	GSF		GSF	1	1
21	COE	CAT 2	TOTAL TANDEM SW EQPT	1	0
25	COE	CAT 3	TOTAL LOCAL SW EQPT	1	0
33	COE	CAT4.12	TOTAL EX TRUNK CKT EQPT	1	0
37	COE	CAT4.13	TOTAL EX LN CKT EQPT	0	1
47	COE	CAT4.23	TOTAL OTH IX CKT EQPT	1	0
58	CWF		TOTAL EX LN CWF EX WDB	0	1
62	CWF	CAT 2	TOTAL WDB AND EX TNK CWF	1	0
66	CWF	CAT 3	TOTAL IX CWF	1	0
81			TOTAL TANGIBLE ASSETS	1	1
87			TELCOM PLT UNDER CONS-SHT TERM	1	1
90			MATERIAL AND SUPPLIES	1	1
93			GENERAL SUPPORT EXP	1	1
94			CO EXP-CO SWITCHING EXP	1	0
96			COT EXP	1	1
101			CWF EXPENSES	1	1
105			TOTAL NETWK OP EXP	1	1
115	CUST	OPER	MKG EXP	0	1
167	CUST	SERV	TOTAL LOCAL BUS OFF EXP	0	1
173	CUST	SERV	TOTAL CUST SVC EXP	0	1
176			CORP OP EXP EXEC & PLAN EXP	1	1
179			TOTAL GEN AND ADMIN EXP	1	1

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SMSCOML CROSS-SECTION ANALYSIS
REVENUE REQUIREMENT DISALLOWANCE BY STUDY AREA
SMS 18-Mar-89
OUTPUT TOTAL PLANT IN SERVICE
TPIS

	HC	COSA	1 CL RR	2 TS RR	3 SP RR	4 TOT RR	5 INPUT TOT
1	AM	LBIL	$0	$0	$0	$0	$0
2	AM	NBIN	$2,058	$0	$180	$2,238	$44,859
3	AM	MBMI	$185	$158	$65	$409	$10,503
4	AM	OBOH	$0	$2,822	$3,068	$5,890	$126,751
5	AM	WTWI	$0	$235	$1,263	$1,499	$24,949
6	BA	CDDC	$413	$1,518	$1,560	$3,490	$43,089
7	BA	CMMD	$1,449	$928	$1,292	$3,668	$81,185
8	BA	CVVA	$239	$174	$322	$735	$13,384
9	BA	CWWV	$0	$1,369	$462	$1,831	$20,862
10	BA	DSDE	$0	$0	$0	$0	$0
11	BA	PAPA	$0	$0	$0	$0	$0
12	BA	NJNJ	$0	$0	$0	$0	$0
13	BS	SBFL	$0	$0	$0	$0	$0
14	BS	SBGA	$0	$0	$0	$0	$0
15	BS	SBNC	$0	$0	$0	$0	$0
16	BS	SBSC	$2,503	$0	$395	$2,898	$57,462
17	BS	SCAL	$234	$869	$306	$1,409	$34,878
18	BS	SCKY	$0	$259	$327	$586	$10,979
19	BS	SCLA	$0	$527	$215	$742	$15,015
20	BS	SCMS	$0	$1,148	$113	$1,261	$31,182
21	BS	SCTN	$0	$996	$588	$1,584	$26,220
22	NX	NEME	$122	$471	$24	$617	$13,609
23	NX	NEMA	$0	$0	$0	$0	$0
24	NX	NENH	$1,159	$90	$115	$1,364	$20,329
25	NX	NERI	$0	$0	$0	$0	$0
26	NX	NEVT	$37	$39	$8	$84	$1,145
27	NX	NYNY	$0	$0	$0	$0	$0
28	PT	PTCA	$0	$0	$0	$0	$0
29	PT	PTNV	$0	$0	$0	$0	$0
30	SW	SWAR	$0	$0	$0	$0	$0
31	SW	SWKS	$0	$0	$0	$0	$0
32	SW	SWMO	$0	$0	$0	$0	$0
33	SW	SWOK	$0	$723	$0	$723	$9,389
34	SW	SWTX	$418	$229	$119	$767	$16,770
35	US	MSAZ	$0	$0	$0	$0	$0
36	US	MSCO	$0	$0	$0	$0	$0
37	US	MSID	$788	$0	$44	$833	$14,207
38	US	MSMT	$966	$0	$58	$1,024	$14,637
39	US	MSNM	$0	$0	$0	$0	$0
40	US	MSUT	$738	$0	$62	$800	$14,043
41	US	MSWY	$0	$2,063	$0	$2,063	$21,746
42	US	NWIA	$0	$120	$23	$142	$1,279
43	US	NWMN	$0	$0	$0	$0	$0
44	US	NWNE	$817	$2,055	$535	$3,407	$47,744
45	US	NWND	$9	$423	$84	$516	$6,588
46	US	NWSD	$637	$1,164	$310	$2,111	$27,866
47	US	PNID	$88	$5	$5	$98	$1,642
48	US	PNOR	$0	$807	$229	$1,036	$16,460
49	US	PNWA	$0	$2,803	$0	$2,803	$40,972

EXPENSE LESS DEPRECIATION
ELD

	COSA	1 CL RR	2 TS RR	3 SP RR	4 TOT RR	5 INPUT TOT
1	LBIL	$0	$0	$0	$0	$0
2	NBIN	$0	$0	$0	$0	$0
3	MBMI	$1,585	$1,105	$482	$3,172	$19,509
4	OBOH	$66	$456	$131	$653	$2,876
5	WTWI	$32	$34	$15	$80	$387
6	CDDC	$784	$2,633	$1,660	$5,076	$16,083
7	CMMD	$0	$0	$0	$0	$0
8	CVVA	$844	$346	$136	$1,325	$10,292
9	CWWV	$1,463	$1,487	$349	$3,300	$12,907
10	DSDE	$0	$0	$0	$0	$0
11	PAPA	$0	$0	$0	$0	$0
12	NJNJ	$3,676	$5,664	$2,377	$11,717	$34,823
13	SBFL	$0	$0	$0	$0	$0
14	SBGA	$0	$0	$0	$0	$0
15	SBNC	$0	$0	$0	$0	$0
16	SBSC	$6	$2	$5	$12	$106
17	SCAL	$21	$72	$16	$109	$475
18	SCKY	$145	$617	$165	$927	$3,874
19	SCLA	$165	$247	$63	$474	$2,120
20	SCMS	$280	$181	$47	$507	$1,941
21	SCTN	$369	$977	$381	$1,727	$7,432
22	NEME	$935	$769	$170	$1,874	$6,284
23	NEMA	$7,705	$8,754	$3,642	$20,102	$115,686
24	NENH	$0	$0	$0	$0	$0
25	NERI	$0	$0	$0	$0	$0
26	NEVT	$0	$0	$0	$0	$0
27	NYNY	$0	$0	$0	$0	$0
28	PTCA	$0	$0	$0	$0	$0
29	PTNV	$192	$406	$96	$694	$1,823
30	SWAR	$0	$0	$0	$0	$0
31	SWKS	$0	$0	$0	$0	$0
32	SWMO	$6,682	$3,388	$2,084	$12,154	$59,916
33	SWOK	$0	$0	$0	$0	$0
34	SWTX	$0	$0	$0	$0	$0
35	MSAZ	$0	$0	$0	$0	$0
36	MSCO	$194	$1,182	$221	$1,597	$4,423
37	MSID	$595	$186	$60	$842	$2,686
38	MSMT	$541	$49	$43	$633	$1,778
39	MSNM	$52	$418	$79	$549	$1,438
40	MSUT	$58	$370	$38	$466	$1,519
41	MSWY	$0	$0	$0	$0	$0
42	NWIA	$0	$0	$0	$0	$0
43	NWMN	$1,790	$1,391	$458	$3,639	$25,399
44	NWNE	$67	$95	$27	$189	$647
45	NWND	$34	$276	$39	$349	$1,015
46	NWSD	$0	$0	$0	$0	$0
47	PNID	$0	$0	$0	$0	$0
48	PNOR	$0	$0	$0	$0	$0
49	PNWA	$504	$1,359	$376	$2,239	$9,878

CROSS-SECTION ANALYSIS
REVENUE REQUIREMENT DISALLOWANCE BY STUDY AREA

SMS OUTPUT — 18-Mar-89

TOTAL PLANT IN SERVICE
TPIS

	HC	COSA	1 CL RR	2 TS RR	3 SP RR	4 TOT RR	5 INPUT TOT
50	CE	CEFL	$88	$145	$5	$238	$4,406
51	CE	CENV	$0	$0	$0	$0	$0
52	CB	CBTC	$0	$0	$0	$0	$0
53	CO	COCA	$68	$196	$34	$297	$8,183
54	CO	CONY	$510	$0	$21	$531	$12,191
55	CO	COTX	$0	$207	$0	$207	$7,201
56	CO	COVA	$1,391	$0	$90	$1,481	$29,064
57	GT	GTCA	$5,909	$0	$277	$6,187	$127,220
58	GT	GTFL	$4,569	$758	$1,316	$6,644	$121,387
59	GT	GTID	$1	$2	$0	$2	$29
60	GT	GTMT	$0	$0	$0	$0	$4
61	GT	GTOR	$0	$798	$0	$798	$6,813
62	GT	GTWA	$113	$756	$53	$923	$15,303
63	GT	GNCA	$60	$58	$5	$123	$2,047
64	GT	GTAL	$358	$0	$26	$384	$6,969
65	GT	GTGA	$429	$0	$30	$460	$9,854
66	GT	GTKY	$0	$0	$0	$0	$0
67	GT	GTNC	$135	$172	$90	$397	$7,165
68	GT	GTSC	$395	$98	$43	$536	$9,317
69	GT	GTTN	$2	$40	$1	$42	$857
70	GT	GTVA	$0	$0	$0	$0	$0
71	GT	GTWV	$126	$0	$7	$133	$2,336
72	GT	GTAR	$43	$120	$18	$180	$3,253
73	GT	GTNM	$52	$215	$70	$337	$5,580
74	GT	GTOK	$203	$205	$40	$447	$11,756
75	GT	GTTX	$952	$1,324	$352	$2,628	$90,892
76	GT	GTIL	$0	$0	$0	$0	$0
77	GT	GTIN	$0	$0	$0	$0	$0
78	GT	GTIA	$0	$0	$0	$0	$0
79	GT	GTMI	$201	$59	$8	$268	$7,392
80	GT	GTMN	$0	$16	$0	$16	$268
81	GT	GTMO	$23	$244	$3	$270	$5,415
82	GT	GTNE	$0	$0	$0	$0	$0
83	GT	GTOH	$96	$69	$12	$177	$4,671
84	GT	GTPA	$0	$0	$0	$0	$0
85	GT	GTWI	$8	$6	$1	$15	$298
86	GT	GTHI	$0	$0	$0	$0	$0
87	LT	LTNE	$0	$0	$0	$0	$0
88	RT	RTNY	$22	$336	$48	$406	$13,627
89	SN	SNCT	$1,677	$0	$157	$1,834	$29,883
90	UT	UTFL	$3,452	$0	$96	$3,547	$50,230
91	UT	UTIN	$13	$253	$1	$266	$6,096
92	UT	UTNC	$0	$0	$0	$0	$0
93	UT	UTOH	$0	$0	$0	$0	$0
94	UT	UTPA	$102	$273	$35	$410	$10,071
95	UT	UTTN	$0	$209	$0	$209	$3,900
96	UT	UTVA	$0	$127	$27	$154	$2,066
TOTALS >>			$33,857	$28,682	$14,638	$77,177	$1,425,488

EXPENSE LESS DEPRECIATION
ELD

	COSA	1 CL RR	2 TS RR	3 SP RR	4 TOT RR	5 INPUT TOT
50	CEFL	$24	$247	$21	$292	$1,077
51	CENV	$0	$0	$0	$0	$0
52	CBTC	$0	$0	$0	$0	$0
53	COCA	$490	$316	$59	$864	$7,960
54	CONY	$0	$0	$0	$0	$0
55	COTX	$569	$181	$27	$777	$4,832
56	COVA	$615	$790	$177	$1,582	$9,024
57	GTCA	$0	$0	$0	$0	$0
58	GTFL	$443	$578	$90	$1,111	$3,653
59	GTID	$90	$90	$13	$194	$401
60	GTMT	$14	$10	$2	$26	$61
61	GTOR	$0	$0	$0	$0	$0
62	GTWA	$69	$275	$41	$385	$1,598
63	GNCA	$14	$11	$2	$27	$76
64	GTAL	$53	$158	$32	$243	$786
65	GTGA	$43	$68	$22	$132	$583
66	GTKY	$49	$132	$38	$218	$886
67	GTNC	$0	$0	$0	$0	$0
68	GTSC	$0	$0	$0	$0	$0
69	GTTN	$7	$14	$3	$25	$103
70	GTVA	$121	$10	$9	$140	$609
71	GTWV	$22	$61	$10	$93	$301
72	GTAR	$0	$0	$0	$0	$0
73	GTNM	$0	$0	$0	$0	$0
74	GTOK	$77	$39	$27	$142	$496
75	GTTX	$0	$0	$0	$0	$0
76	GTIL	$672	$795	$116	$1,583	$7,621
77	GTIN	$733	$2,054	$488	$3,275	$12,207
78	GTIA	$0	$0	$0	$0	$0
79	GTMI	$1,339	$766	$114	$2,220	$27,511
80	GTMN	$11	$17	$2	$30	$92
81	GTMO	$426	$537	$114	$1,077	$4,796
82	GTNE	$114	$196	$32	$342	$1,351
83	GTOH	$0	$0	$0	$0	$0
84	GTPA	$79	$562	$31	$672	$3,078
85	GTWI	$1,146	$1,329	$122	$2,597	$19,035
86	GTHI	$815	$456	$159	$1,431	$5,483
87	LTNE	$0	$0	$0	$0	$0
88	RTNY	$353	$425	$231	$1,009	$6,373
89	SNCT	$0	$0	$0	$0	$0
90	UTFL	$0	$0	$0	$0	$0
91	UTIN	$554	$176	$73	$804	$2,942
92	UTNC	$2,704	$240	$257	$3,201	$12,226
93	UTOH	$524	$90	$72	$686	$2,788
94	UTPA	$0	$0	$0	$0	$0
95	UTTN	$0	$0	$0	$0	$0
96	UTVA	$122	$3	$9	$134	$566
TOTALS >>		$41,074	$43,088	$15,554	$99,716	$483,831

March 8, 1989

MERGE

TIER I REVENUE REQUIREMENT DISALLOWANCE CHART (TPIS & ELD)

4 PARTS

PART A
PAGE 1 SHOWS REVENUE REQUIREMENT DISALLOWANCES BASED ON TREND ANALYSIS
FOR TOTAL PLANT IN SERVICE - TPIS and
FOR EXPENSE LESS DEPRECIATION - ELD
by OPERATING COMPANY

PART B
PAGE 2 SHOWS REVENUE REQUIREMENT DISALLOWANCES BASED ON CROSS-SECTION ANALYSIS OF INDIVIDUAL COST ITEMS
FOR TOTAL PLANT IN SERVICE - TPIS and
FOR EXPENSE LESS DEPRECIATION - ELD
by OPERATING COMPANY

PART C
PAGE 3 SHOWS FINAL REVENUE REQUIREMENT DISALLOWANCES
FOR TOTAL PLANT IN SERVICE - TPIS and
FOR EXPENSE LESS DEPRECIATION - ELD
by OPERATING COMPANY

THIS CHART CONTAINS CONTAINS THE TPIS AND ELD ROW FROM EITHER PART A OR PART B THAT HAD THE HIGHEST TOTAL DISALLOWANCE

PART D
PAGE 4 SUMMARIZES THE INFORMATION IN PART C BY
OPERATING COMPANY and
HOLDING COMPANY

MERGE
LHR 18-Mar-89

REVENUE REQUIREMENT DISALLOWANCE CHART

($ TO NEAREST THOUSAND)

PROSPECTIVE TOTAL ACCESS REVENUE RECURRING CHARGES excl ICBs TRP SOURCE: (C1AP R.120/C.S) REV

PART A — PAGE 1 OF 4

TREND ANALYSIS REVENUE REQUIREMENT DISALLOWANCES

A.1 TOTAL PLANT IN SERVICE - TPIS

			COMMON LINE	TS SWITCHED	SPECIAL ACCESS	TOTAL	PERCENT (D / REV)	
			A	B	C	D	E	
**	TOTAL ALL OPERATING COMPANIES	TOTL	$19,544,494	$13,759	$10,926	$3,511	$28,195	0.14% TOTL
1	ILLINOIS BELL	LBIL	$750,139	$0	$0	$0	$0	
2	INDIANA BELL	NBIN	$350,626	$0	$0	$0	$0	
3	MICHIGAN BELL	MBMI	$529,836	$0	$0	$0	$0	
4	OHIO BELL	OBOH	$448,404	$0	$0	$0	$0	
5	WISCONSIN BELL	WTWI	$228,638	$0	$0	$0	$0	
6	CHESAPEAKE & POTOMAC	CPTC	$1,054,577	$0	$0	$0	$0	
7	DIAMOND STATE TEL.	DSDE	$76,542	$422	$247	$147	$816	1.07% DSDE
8	BELL OF PENNSYLVANIA	PAPA	$696,648	$0	$0	$0	$0	
9	NEW JERSEY BELL	NJNJ	$870,753	$3,069	$2,472	$1,218	$6,759	0.78% NJNJ
10	SOUTHERN BELL	SBTC	$1,646,468	$0	$0	$0	$0	
11	SOUTH CENTRAL BELL	SCTC	$1,082,269	$0	$0	$0	$0	
12	NEW ENGLAND TELEPHONE	NETC	$1,019,558	$0	$0	$0	$0	
13	NEW YORK TELEPHONE	NYNY	$2,069,554	$0	$0	$0	$0	
14	PACIFIC BELL	PTCA	$1,564,439	$0	$0	$0	$0	
15	NEVADA BELL	PTNV	$45,644	$558	$307	$70	$935	2.05% PTNV
16	SOUTHWESTERN BELL TEL. CO.	SWTR	$1,781,225	$0	$0	$0	$0	
17	MOUNTAIN BELL	MSTC	$1,156,608	$0	$0	$0	$0	
18	NORTHWESTERN BELL	NWTC	$617,799	$436	$477	$137	$1,049	0.17% NWTC
19	PACIFIC NORTHWEST BELL	PNTC	$414,111	$2,579	$2,077	$508	$5,164	1.25% PNTC
20	CENTRAL OF FLORIDA	CEFL	$35,379	$0	$0	$0	$0	
21	CENTRAL OF NEVADA	CENV	$54,978	$17	$14	$2	$33	0.06% CENV
22	CINCINNATI BELL TELEPHONE	CBTC	$100,906	$0	$0	$0	$0	
23	CONTEL OF CALIFORNIA	COCA	$40,125	$0	$0	$0	$0	
24	CONTEL OF NEW YORK	CONY	$31,461	$210	$133	$18	$361	1.15% CONY
25	CONTEL OF TEXAS	COTX	$21,413	$333	$130	$15	$478	2.23% COTX
26	CONTEL OF VIRGINIA	COVA	$52,783	$420	$317	$62	$799	1.51% COVA
27	GTE CALIFORNIA, INC.	GTCA	$446,586	$770	$477	$113	$1,360	0.30% GTCA
28	GTE FLORIDA, INC.	GTFL	$309,432	$0	$0	$0	$0	
29	GTE NORTHWEST, INC.	GTNW	$150,853	$0	$0	$0	$0	
30	GTE SOUTH, INC.	GTSO	$204,758	$0	$0	$0	$0	
31	GTE SOUTHWEST, INC.	GTSW	$217,168	$0	$0	$0	$0	
32	GTE NORTH, INC.	GTMW	$482,744	$0	$0	$0	$0	
33	GTE HAWAIIAN, INC.	GTHI	$99,227	$0	$0	$0	$0	
34	LINCOLN TELEPHONE COMPANY	LTNE	$28,326	$0	$0	$0	$0	
35	ROCHESTER TELEPHONE CORPORATION	RTNY	$55,518	$388	$301	$158	$847	1.53% RTNY
36	SOUTHERN NEW ENGLAND TELEPHONE	SNCT	$378,175	$2,750	$2,825	$881	$6,456	1.71% SNCT
37	UNITED OF FLORIDA	UTFL	$170,587	$1,532	$884	$103	$2,519	1.48% UTFL
38	UNITED OF INDIANA	UTIN	$28,143	$0	$0	$0	$0	
39	CAROLINA TEL. & TEL.	UTNC	$100,387	$0	$0	$0	$0	
40	UNITED OF OHIO	UTOH	$61,409	$274	$266	$80	$620	1.01% UTOH
41	UNITED OF PENN.	UTPA	$30,380	$0	$0	$0	$0	
42	UNITED INTER-MOUNTAIN	UTIM	$39,918	$0	$0	$0	$0	

A.2 - EXPENSE LESS DEPRECIATION - ELD

**	TOTAL ALL OPERATING COMPANIES	TOTL	$19,544,494	$37,541	$33,829	$14,551	$85,921	0.44% TOTL
1	ILLINOIS BELL	LBIL	$750,139	$6,984	$6,974	$3,641	$17,599	2.35% LBIL
2	INDIANA BELL	NBIN	$350,626	$1,500	$1,511	$632	$3,643	1.04% NBIN
3	MICHIGAN BELL	MBMI	$529,836	$0	$0	$0	$0	
4	OHIO BELL	OBOH	$448,404	$0	$0	$0	$0	
5	WISCONSIN BELL	WTWI	$228,638	$1,705	$2,079	$861	$4,644	2.03% WTWI
6	CHESAPEAKE & POTOMAC	CPTC	$1,054,577	$8,972	$7,794	$3,324	$20,090	1.91% CPTC
7	DIAMOND STATE TEL.	DSDE	$76,542	$0	$0	$0	$0	
8	BELL OF PENNSYLVANIA	PAPA	$696,648	$0	$0	$0	$0	
9	NEW JERSEY BELL	NJNJ	$870,753	$4,305	$3,811	$1,682	$9,798	1.13% NJNJ
10	SOUTHERN BELL	SBTC	$1,646,468	$0	$0	$0	$0	
11	SOUTH CENTRAL BELL	SCTC	$1,082,269	$1,684	$1,167	$486	$3,338	0.31% SCTC
12	NEW ENGLAND TELEPHONE	NETC	$1,019,558	$4,260	$5,016	$1,391	$10,667	1.05% NETC
13	NEW YORK TELEPHONE	NYNY	$2,069,554	$0	$0	$0	$0	
14	PACIFIC BELL	PTCA	$1,564,439	$0	$0	$0	$0	
15	NEVADA BELL	PTNV	$45,644	$0	$0	$0	$0	
16	SOUTHWESTERN BELL TEL. CO.	SWTR	$1,781,225	$5,535	$3,598	$1,836	$10,969	0.62% SWTR
17	MOUNTAIN BELL	MSTC	$1,156,608	$0	$0	$0	$0	
18	NORTHWESTERN BELL	NWTC	$617,799	$0	$0	$0	$0	
19	PACIFIC NORTHWEST BELL	PNTC	$414,111	$0	$0	$0	$0	
20	CENTRAL OF FLORIDA	CEFL	$35,379	$0	$0	$0	$0	
21	CENTRAL OF NEVADA	CENV	$54,978	$0	$0	$0	$0	
22	CINCINNATI BELL TELEPHONE	CBTC	$100,906	$438	$390	$204	$1,032	1.02% CBTC
23	CONTEL OF CALIFORNIA	COCA	$40,125	$698	$436	$71	$1,206	3.01% COCA
24	CONTEL OF NEW YORK	CONY	$31,461	$0	$0	$0	$0	
25	CONTEL OF TEXAS	COTX	$21,413	$0	$0	$0	$0	
26	CONTEL OF VIRGINIA	COVA	$52,783	$523	$392	$90	$1,005	1.90% COVA
27	GTE CALIFORNIA, INC.	GTCA	$446,586	$0	$0	$0	$0	
28	GTE FLORIDA, INC.	GTFL	$309,432	$0	$0	$0	$0	
29	GTE NORTHWEST, INC.	GTNW	$150,853	$0	$0	$0	$0	
30	GTE SOUTH, INC.	GTSO	$204,758	$0	$0	$0	$0	
31	GTE SOUTHWEST, INC.	GTSW	$217,168	$0	$0	$0	$0	
32	GTE NORTH, INC.	GTMW	$482,744	$0	$0	$0	$0	
33	GTE HAWAIIAN, INC.	GTHI	$99,227	$0	$0	$0	$0	
34	LINCOLN TELEPHONE COMPANY	LTNE	$28,326	$0	$0	$0	$0	
35	ROCHESTER TELEPHONE CORPORATION	RTNY	$55,518	$704	$484	$274	$1,462	2.63% RTNY
36	SOUTHERN NEW ENGLAND TELEPHONE	SNCT	$378,175	$0	$0	$0	$0	
37	UNITED OF FLORIDA	UTFL	$170,587	$0	$0	$0	$0	
38	UNITED OF INDIANA	UTIN	$28,143	$146	$99	$32	$277	0.99% UTIN
39	CAROLINA TEL. & TEL.	UTNC	$100,387	$0	$0	$0	$0	
40	UNITED OF OHIO	UTOH	$61,409	$87	$77	$26	$189	0.31% UTOH
41	UNITED OF PENN.	UTPA	$30,380	$0	$0	$0	$0	
42	UNITED INTER-MOUNTAIN	UTIM	$39,918	$0	$0	$0	$0	

*** T O T A L TPIS & ELD $114,116 ***

MERGE
LHR 18-Mar-89

REVENUE REQUIREMENT DISALLOWANCE CHART

($ TO NEAREST THOUSAND)

PROSPECTIVE TOTAL ACCESS REVENUE RECURRING CHARGES excl ICBs TRP SOURCE: (C1AP R.120/C.S) REV

PART B
CROSS-SECTION ANALYSIS OF INDIVIDUAL COST ITEMS
B.1 TOTAL PLANT IN SERVICE - TPIS

				COMMON LINE	TS SWITCHED	SPECIAL ACCESS	TOTAL	PERCENT (D / REV)	
				A	B	C	D	E	
**	TOTAL ALL OPERATING COMPANIES	TOTL	$19,544,494	$33,857	$28,682	$14,638	$77,177	0.39%	TOTL
1	ILLINOIS BELL	LBIL	$750,139	$0	$0	$0	$0		
2	INDIANA BELL	NBIN	$350,626	$2,058	$0	$180	$2,238	0.64%	NBIN
3	MICHIGAN BELL	MBMI	$529,836	$185	$158	$65	$409	0.08%	MBMI
4	OHIO BELL	OBOH	$448,404	$0	$2,822	$3,068	$5,890	1.31%	OBOH
5	WISCONSIN BELL	WTWI	$228,638	$0	$235	$1,263	$1,499	0.66%	WTWI
6	CHESAPEAKE & POTOMAC	CPTC	$1,054,577	$2,101	$3,988	$3,635	$9,725	0.92%	CPTC
7	DIAMOND STATE TEL.	DSDE	$76,542	$0	$0	$0	$0		
8	BELL OF PENNSYLVANIA	PAPA	$696,648	$0	$0	$0	$0		
9	NEW JERSEY BELL	NJNJ	$870,753	$0	$0	$0	$0		
10	SOUTHERN BELL	SBTC	$1,646,468	$2,503	$0	$395	$2,898	0.18%	SBTC
11	SOUTH CENTRAL BELL	SCTC	$1,082,269	$234	$3,799	$1,549	$5,582	0.52%	SCTC
12	NEW ENGLAND TELEPHONE	NETC	$1,019,558	$1,317	$601	$147	$2,065	0.20%	NETC
13	NEW YORK TELEPHONE	NYNY	$2,069,554	$0	$0	$0	$0		
14	PACIFIC BELL	PTCA	$1,564,439	$0	$0	$0	$0		
15	NEVADA BELL	PTNV	$45,644	$0	$0	$0	$0		
16	SOUTHWESTERN BELL TEL. CO.	SWTR	$1,781,225	$418	$952	$119	$1,490	0.08%	SWTR
17	MOUNTAIN BELL	MSTC	$1,156,608	$2,492	$2,063	$165	$4,720	0.41%	MSTC
18	NORTHWESTERN BELL	NWTC	$617,799	$1,464	$3,761	$952	$6,176	1.00%	NWTC
19	PACIFIC NORTHWEST BELL	PNTC	$414,111	$88	$3,615	$234	$3,938	0.95%	PNTC
20	CENTRAL OF FLORIDA	CEFL	$35,379	$88	$145	$5	$238	0.67%	CEFL
21	CENTRAL OF NEVADA	CENV	$54,978	$0	$0	$0	$0		
22	CINCINNATI BELL TELEPHONE	CBTC	$100,906	$0	$0	$0	$0		
23	CONTEL OF CALIFORNIA	COCA	$40,125	$68	$196	$34	$297	0.74%	COCA
24	CONTEL OF NEW YORK	CONY	$31,461	$510	$0	$21	$531	1.69%	CONY
25	CONTEL OF TEXAS	COTX	$21,413	$0	$207	$0	$207	0.97%	COTX
26	CONTEL OF VIRGINIA	COVA	$52,783	$1,391	$0	$90	$1,481	2.81%	COVA
27	GTE CALIFORNIA, INC.	GTCA	$446,586	$5,909	$0	$277	$6,187	1.39%	GTCA
28	GTE FLORIDA, INC.	GTFL	$309,432	$4,569	$758	$1,316	$6,644	2.15%	GTFL
29	GTE NORTHWEST, INC.	GTNW	$150,853	$174	$1,615	$58	$1,847	1.22%	GTNW
30	GTE SOUTH, INC.	GTSO	$204,758	$1,446	$310	$197	$1,952	0.95%	GTSO
31	GTE SOUTHWEST, INC.	GTSW	$217,168	$1,249	$1,863	$480	$3,592	1.65%	GTSW
32	GTE NORTH, INC.	GTNW	$482,744	$328	$395	$23	$746	0.15%	GTNW
33	GTE HAWAIIAN, INC.	GTHI	$99,227	$0	$0	$0	$0		
34	LINCOLN TELEPHONE COMPANY	LTNE	$28,326	$0	$0	$0	$0		
35	ROCHESTER TELEPHONE CORPORATION	RTNY	$55,518	$22	$336	$48	$406	0.73%	RTNY
36	SOUTHERN NEW ENGLAND TELEPHONE	SNCT	$378,175	$1,677	$0	$157	$1,834	0.48%	SNCT
37	UNITED OF FLORIDA	UTFL	$170,587	$3,452	$0	$96	$3,547	2.08%	UTFL
38	UNITED OF INDIANA	UTIN	$28,143	$13	$253	$1	$266	0.95%	UTIN
39	CAROLINA TEL. & TEL.	UTNC	$100,387	$0	$0	$0	$0		
40	UNITED OF OHIO	UTOH	$61,409	$0	$0	$0	$0		
41	UNITED OF PENN.	UTPA	$30,380	$102	$273	$35	$410	1.35%	UTPA
42	UNITED INTER-MOUNTAIN	UTIM	$39,918	$0	$335	$27	$363	0.91%	UTIM

B.2 - EXPENSE LESS DEPRECIATION - ELD

**	TOTAL ALL OPERATING COMPANIES	TOTL	$19,544,494	$41,074	$43,088	$15,554	$99,716	0.51%	TOTL
1	ILLINOIS BELL	LBIL	$750,139	$0	$0	$0	$0		
2	INDIANA BELL	NBIN	$350,626	$0	$0	$0	$0		
3	MICHIGAN BELL	MBMI	$529,836	$1,585	$1,105	$482	$3,172	0.60%	MBMI
4	OHIO BELL	OBOH	$448,404	$66	$456	$131	$653	0.15%	OBOH
5	WISCONSIN BELL	WTWI	$228,638	$32	$34	$15	$80	0.04%	WTWI
6	CHESAPEAKE & POTOMAC	CPTC	$1,054,577	$3,091	$4,466	$2,145	$9,701	0.92%	CPTC
7	DIAMOND STATE TEL.	DSDE	$76,542	$0	$0	$0	$0		
8	BELL OF PENNSYLVANIA	PAPA	$696,648	$0	$0	$0	$0		
9	NEW JERSEY BELL	NJNJ	$870,753	$3,676	$5,664	$2,377	$11,717	1.35%	NJNJ
10	SOUTHERN BELL	SBTC	$1,646,468	$6	$2	$5	$12	0.00%	SBTC
11	SOUTH CENTRAL BELL	SCTC	$1,082,269	$980	$2,093	$672	$3,746	0.35%	SCTC
12	NEW ENGLAND TELEPHONE	NETC	$1,019,558	$8,640	$9,523	$3,812	$21,976	2.16%	NETC
13	NEW YORK TELEPHONE	NYNY	$2,069,554	$0	$0	$0	$0		
14	PACIFIC BELL	PTCA	$1,564,439	$0	$0	$0	$0		
15	NEVADA BELL	PTNV	$45,644	$192	$406	$96	$694	1.52%	PTNV
16	SOUTHWESTERN BELL TEL. CO.	SWTR	$1,781,225	$6,682	$3,388	$2,084	$12,154	0.68%	SWTR
17	MOUNTAIN BELL	MSTC	$1,156,608	$1,440	$2,204	$442	$4,086	0.35%	MSTC
18	NORTHWESTERN BELL	NWTC	$617,799	$1,890	$1,762	$524	$4,176	0.68%	NWTC
19	PACIFIC NORTHWEST BELL	PNTC	$414,111	$504	$1,359	$376	$2,239	0.54%	PNTC
20	CENTRAL OF FLORIDA	CEFL	$35,379	$24	$247	$21	$292	0.82%	CEFL
21	CENTRAL OF NEVADA	CENV	$54,978	$0	$0	$0	$0		
22	CINCINNATI BELL TELEPHONE	CBTC	$100,906	$0	$0	$0	$0		
23	CONTEL OF CALIFORNIA	COCA	$40,125	$490	$316	$59	$864	2.15%	COCA
24	CONTEL OF NEW YORK	CONY	$31,461	$0	$0	$0	$0		
25	CONTEL OF TEXAS	COTX	$21,413	$569	$181	$27	$777	3.63%	COTX
26	CONTEL OF VIRGINIA	COVA	$52,783	$615	$790	$177	$1,582	3.00%	COVA
27	GTE CALIFORNIA, INC.	GTCA	$446,586	$0	$0	$0	$0		
28	GTE FLORIDA, INC.	GTFL	$309,432	$443	$578	$90	$1,111	0.36%	GTFL
29	GTE NORTHWEST, INC.	GTNW	$150,853	$187	$386	$58	$631	0.42%	GTNW
30	GTE SOUTH, INC.	GTSO	$204,758	$293	$443	$114	$850	0.42%	GTSO
31	GTE SOUTHWEST, INC.	GTSW	$217,168	$77	$39	$27	$142	0.07%	GTSW
32	GTE NORTH, INC.	GTNW	$482,744	$4,520	$6,256	$1,020	$11,796	2.44%	GTNW
33	GTE HAWAIIAN, INC.	GTHI	$99,227	$815	$456	$159	$1,431	1.44%	GTHI
34	LINCOLN TELEPHONE COMPANY	LTNE	$28,326	$0	$0	$0	$0		
35	ROCHESTER TELEPHONE CORPORATION	RTNY	$55,518	$353	$425	$231	$1,009	1.82%	RTNY
36	SOUTHERN NEW ENGLAND TELEPHONE	SNCT	$378,175	$0	$0	$0	$0		
37	UNITED OF FLORIDA	UTFL	$170,587	$0	$0	$0	$0		
38	UNITED OF INDIANA	UTIN	$28,143	$554	$176	$73	$804	2.86%	UTIN
39	CAROLINA TEL. & TEL.	UTNC	$100,387	$2,704	$240	$257	$3,201	3.19%	UTNC
40	UNITED OF OHIO	UTOH	$61,409	$524	$90	$72	$686	1.12%	UTOH
41	UNITED OF PENN.	UTPA	$30,380	$0	$0	$0	$0		
42	UNITED INTER-MOUNTAIN	UTIM	$39,918	$122	$3	$9	$134	0.33%	UTIM

*** TOTAL TPIS & ELD $176,893 ***

MERGE
LHR 18-Mar-89

REVENUE REQUIREMENT DISALLOWANCE CHART

($ TO NEAREST THOUSAND)

PROSPECTIVE TOTAL ACCESS REVENUE RECURRING CHARGES excl ICBs TRP SOURCE: (C1AP R.120/C.S) REV

PART C
ROW WITH HIGHEST TOTAL FROM PART A OR B

C.1 TOTAL PLANT IN SERVICE - TPIS

				COMMON LINE	TS SWITCHED	SPECIAL ACCESS	TOTAL	PERCENT (D / REV)		SOURCE A OR B
				A	B	C	D	E		F
**	TOTAL ALL OPERATING COMPANIES	TOTL	$19,544,494	$42,460	$33,162	$17,278	$92,900	0.48%	TOTL	
1	ILLINOIS BELL	LBIL	$750,139	$0	$0	$0	$0			B
2	INDIANA BELL	NBIN	$350,626	$2,058	$0	$180	$2,238	0.64%	NBIN	B
3	MICHIGAN BELL	MBMI	$529,836	$185	$158	$65	$409	0.08%	MBMI	B
4	OHIO BELL	OBOH	$448,404	$0	$2,822	$3,068	$5,890	1.31%	OBOH	B
5	WISCONSIN BELL	WTWI	$228,638	$0	$235	$1,263	$1,499	0.66%	WTWI	B
6	CHESAPEAKE & POTOMAC	CPTC	$1,054,577	$2,101	$3,988	$3,635	$9,725	0.92%	CPTC	B
7	DIAMOND STATE TEL.	DSDE	$76,542	$422	$247	$147	$816	1.07%	DSDE	B
8	BELL OF PENNSYLVANIA	PAPA	$696,648	$0	$0	$0	$0			B
9	NEW JERSEY BELL	NJNJ	$870,753	$3,069	$2,472	$1,218	$6,759	0.78%	NJNJ	A
10	SOUTHERN BELL	SBTC	$1,646,468	$2,503	$0	$395	$2,898	0.18%	SBTC	B
11	SOUTH CENTRAL BELL	SCTC	$1,082,269	$234	$3,799	$1,549	$5,582	0.52%	SCTC	B
12	NEW ENGLAND TELEPHONE	NETC	$1,019,558	$1,317	$601	$147	$2,065	0.20%	NETC	A
13	NEW YORK TELEPHONE	NYNY	$2,069,554	$0	$0	$0	$0			B
14	PACIFIC BELL	PTCA	$1,564,439	$0	$0	$0	$0			B
15	NEVADA BELL	PTNV	$45,644	$558	$307	$70	$935	2.05%	PTNV	A
16	SOUTHWESTERN BELL TEL. CO.	SWTR	$1,781,225	$418	$952	$119	$1,490	0.08%	SWTR	B
17	MOUNTAIN BELL	MSTC	$1,156,608	$2,492	$2,063	$165	$4,720	0.41%	MSTC	B
18	NORTHWESTERN BELL	NWTC	$617,799	$1,464	$3,761	$952	$6,176	1.00%	NWTC	B
19	PACIFIC NORTHWEST BELL	PNTC	$414,111	$2,579	$2,077	$508	$5,164	1.25%	PNTC	B
20	CENTRAL OF FLORIDA	CEFL	$35,379	$88	$145	$5	$238	0.67%	CEFL	B
21	CENTRAL OF NEVADA	CENV	$54,978	$17	$14	$2	$33	0.06%	CENV	A
22	CINCINNATI BELL TELEPHONE	CBTC	$100,906	$0	$0	$0	$0			B
23	CONTEL OF CALIFORNIA	COCA	$40,125	$68	$196	$34	$297	0.74%	COCA	B
24	CONTEL OF NEW YORK	CONY	$31,461	$510	$0	$21	$531	1.69%	CONY	B
25	CONTEL OF TEXAS	COTX	$21,413	$333	$130	$15	$478	2.23%	COTX	B
26	CONTEL OF VIRGINIA	COVA	$52,783	$1,391	$0	$90	$1,481	2.81%	COVA	B
27	GTE CALIFORNIA, INC.	GTCA	$446,586	$5,909	$0	$277	$6,187	1.39%	GTCA	B
28	GTE FLORIDA, INC.	GTFL	$309,432	$4,569	$758	$1,316	$6,644	2.15%	GTFL	B
29	GTE NORTHWEST, INC.	GTNW	$150,853	$174	$1,615	$58	$1,847	1.22%	GTNW	B
30	GTE SOUTH, INC.	GTSO	$204,758	$1,446	$310	$197	$1,952	0.95%	GTSO	B
31	GTE SOUTHWEST, INC.	GTSW	$217,168	$1,249	$1,863	$480	$3,592	1.65%	GTSW	B
32	GTE NORTH, INC.	GTMW	$482,744	$328	$395	$23	$746	0.15%	GTMW	B
33	GTE HAWAIIAN, INC.	GTHI	$99,227	$0	$0	$0	$0			B
34	LINCOLN TELEPHONE COMPANY	LTNE	$28,326	$0	$0	$0	$0			B
35	ROCHESTER TELEPHONE CORPORATION	RTNY	$55,518	$388	$301	$158	$847	1.53%	RTNY	A
36	SOUTHERN NEW ENGLAND TELEPHONE	SNCT	$378,175	$2,750	$2,825	$881	$6,456	1.71%	SNCT	B
37	UNITED OF FLORIDA	UTFL	$170,587	$3,452	$0	$96	$3,547	2.08%	UTFL	B
38	UNITED OF INDIANA	UTIN	$28,143	$13	$253	$1	$266	0.95%	UTIN	B
39	CAROLINA TEL. & TEL.	UTNC	$100,387	$0	$0	$0	$0			B
40	UNITED OF OHIO	UTOH	$61,409	$274	$266	$80	$620	1.01%	UTOH	B
41	UNITED OF PENN.	UTPA	$30,380	$102	$273	$35	$410	1.35%	UTPA	B
42	UNITED INTER-MOUNTAIN	UTIM	$39,918	$0	$335	$27	$363	0.91%	UTIM	B

C.2 - EXPENSE LESS DEPRECIATION - ELD

**	TOTAL ALL OPERATING COMPANIES	TOTL	$19,544,494	$58,110	$57,517	$22,113	$137,739	0.70%	TOTL	
1	ILLINOIS BELL	LBIL	$750,139	$6,984	$6,974	$3,641	$17,599	2.35%	LBIL	A
2	INDIANA BELL	NBIN	$350,626	$1,500	$1,511	$632	$3,643	1.04%	NBIN	A
3	MICHIGAN BELL	MBMI	$529,836	$1,585	$1,105	$482	$3,172	0.60%	MBMI	A
4	OHIO BELL	OBOH	$448,404	$66	$456	$131	$653	0.15%	OBOH	B
5	WISCONSIN BELL	WTWI	$228,638	$1,705	$2,079	$861	$4,644	2.03%	WTWI	A
6	CHESAPEAKE & POTOMAC	CPTC	$1,054,577	$8,972	$7,794	$3,324	$20,090	1.91%	CPTC	A
7	DIAMOND STATE TEL.	DSDE	$76,542	$0	$0	$0	$0			B
8	BELL OF PENNSYLVANIA	PAPA	$696,648	$0	$0	$0	$0			B
9	NEW JERSEY BELL	NJNJ	$870,753	$3,676	$5,664	$2,377	$11,717	1.35%	NJNJ	B
10	SOUTHERN BELL	SBTC	$1,646,468	$6	$2	$5	$12	0.00%	SBTC	B
11	SOUTH CENTRAL BELL	SCTC	$1,082,269	$980	$2,093	$672	$3,746	0.35%	SCTC	B
12	NEW ENGLAND TELEPHONE	NETC	$1,019,558	$8,640	$9,523	$3,812	$21,976	2.16%	NETC	B
13	NEW YORK TELEPHONE	NYNY	$2,069,554	$0	$0	$0	$0			B
14	PACIFIC BELL	PTCA	$1,564,439	$0	$0	$0	$0			B
15	NEVADA BELL	PTNV	$45,644	$192	$406	$96	$694	1.52%	PTNV	B
16	SOUTHWESTERN BELL TEL. CO.	SWTR	$1,781,225	$6,682	$3,388	$2,084	$12,154	0.68%	SWTR	A
17	MOUNTAIN BELL	MSTC	$1,156,608	$1,440	$2,204	$442	$4,086	0.35%	MSTC	B
18	NORTHWESTERN BELL	NWTC	$617,799	$1,890	$1,762	$524	$4,176	0.68%	NWTC	B
19	PACIFIC NORTHWEST BELL	PNTC	$414,111	$504	$1,359	$376	$2,239	0.54%	PNTC	B
20	CENTRAL OF FLORIDA	CEFL	$35,379	$24	$247	$21	$292	0.82%	CEFL	B
21	CENTRAL OF NEVADA	CENV	$54,978	$0	$0	$0	$0			B
22	CINCINNATI BELL TELEPHONE	CBTC	$100,906	$438	$390	$204	$1,032	1.02%	CBTC	A
23	CONTEL OF CALIFORNIA	COCA	$40,125	$698	$436	$71	$1,206	3.01%	COCA	A
24	CONTEL OF NEW YORK	CONY	$31,461	$0	$0	$0	$0			B
25	CONTEL OF TEXAS	COTX	$21,413	$569	$181	$27	$777	3.63%	COTX	B
26	CONTEL OF VIRGINIA	COVA	$52,783	$615	$790	$177	$1,582	3.00%	COVA	B
27	GTE CALIFORNIA, INC.	GTCA	$446,586	$0	$0	$0	$0			B
28	GTE FLORIDA, INC.	GTFL	$309,432	$443	$578	$90	$1,111	0.36%	GTFL	B
29	GTE NORTHWEST, INC.	GTNW	$150,853	$187	$386	$58	$631	0.42%	GTNW	B
30	GTE SOUTH, INC.	GTSO	$204,758	$293	$443	$114	$850	0.42%	GTSO	B
31	GTE SOUTHWEST, INC.	GTSW	$217,168	$77	$39	$27	$142	0.07%	GTSW	B
32	GTE NORTH, INC.	GTMW	$482,744	$4,520	$6,256	$1,020	$11,796	2.44%	GTMW	B
33	GTE HAWAIIAN, INC.	GTHI	$99,227	$815	$456	$159	$1,431	1.44%	GTHI	B
34	LINCOLN TELEPHONE COMPANY	LTNE	$28,326	$0	$0	$0	$0			B
35	ROCHESTER TELEPHONE CORPORATION	RTNY	$55,518	$704	$484	$274	$1,462	2.63%	RTNY	A
36	SOUTHERN NEW ENGLAND TELEPHONE	SNCT	$378,175	$0	$0	$0	$0			B
37	UNITED OF FLORIDA	UTFL	$170,587	$0	$0	$0	$0			B
38	UNITED OF INDIANA	UTIN	$28,143	$554	$176	$73	$804	2.86%	UTIN	B
39	CAROLINA TEL. & TEL.	UTNC	$100,387	$2,704	$240	$257	$3,201	3.19%	UTNC	B
40	UNITED OF OHIO	UTOH	$61,409	$524	$90	$72	$686	1.12%	UTOH	B
41	UNITED OF PENN.	UTPA	$30,380	$0	$0	$0	$0			B
42	UNITED INTER-MOUNTAIN	UTIM	$39,918	$122	$3	$9	$134	0.33%	UTIM	B
				*** T O T A L TPIS & ELD			$230,640	***		

REVENUE REQUIREMENT DISALLOWANCE CHART

($ TO NEAREST THOUSAND)

PROSPECTIVE TOTAL ACCESS REVENUE RECURRING CHARGES excl ICBs TRP SOURCE: (C1AP R.120/C.S) REV

PART D
GRAND TOTALS TPIS & ELD FROM PART C
D.1 OPERATING COMPANY TOTALS

			COMMON LINE	TS SWITCHED	SPECIAL ACCESS	TOTAL	PERCENT (D / REV)	
			A	B	C	D	E	
**	TOTAL ALL OPERATING COMPANIES	TOTL	$19,544,494	$100,570	$90,679	$39,390	$230,640	1.18% TOTL
1	ILLINOIS BELL	LBIL	$750,139	$6,984	$6,974	$3,641	$17,599	2.35% LBIL
2	INDIANA BELL	NBIN	$350,626	$3,558	$1,511	$812	$5,881	1.68% NBIN
3	MICHIGAN BELL	MBMI	$529,836	$1,771	$1,263	$547	$3,581	0.68% MBMI
4	OHIO BELL	OBOH	$448,404	$66	$3,278	$3,199	$6,543	1.46% OBOH
5	WISCONSIN BELL	WTWI	$228,638	$1,705	$2,314	$2,124	$6,143	2.69% WTWI
6	CHESAPEAKE & POTOMAC	CPTC	$1,054,577	$11,073	$11,783	$6,959	$29,815	2.83% CPTC
7	DIAMOND STATE TEL.	DSDE	$76,542	$422	$247	$147	$816	1.07% DSDE
8	BELL OF PENNSYLVANIA	PAPA	$696,648	$0	$0	$0	$0	PAPA
9	NEW JERSEY BELL	NJNJ	$870,753	$6,745	$8,136	$3,594	$18,476	2.12% NJNJ
10	SOUTHERN BELL	SBTC	$1,646,468	$2,509	$2	$399	$2,910	0.18% SBTC
11	SOUTH CENTRAL BELL	SCTC	$1,082,269	$1,214	$5,893	$2,221	$9,328	0.86% SCTC
12	NEW ENGLAND TELEPHONE	NETC	$1,019,558	$9,957	$10,125	$3,959	$24,041	2.36% NETC
13	NEW YORK TELEPHONE	NYNY	$2,069,554	$0	$0	$0	$0	NYNY
14	PACIFIC BELL	PTCA	$1,564,439	$0	$0	$0	$0	PTCA
15	NEVADA BELL	PTNV	$45,644	$750	$713	$166	$1,629	3.57% PTNV
16	SOUTHWESTERN BELL TEL. CO.	SWTR	$1,781,225	$7,101	$4,340	$2,204	$13,644	0.77% SWTR
17	MOUNTAIN BELL	MSTC	$1,156,608	$3,932	$4,267	$606	$8,806	0.76% MSTC
18	NORTHWESTERN BELL	NWTC	$617,799	$3,354	$5,524	$1,475	$10,352	1.68% NWTC
19	PACIFIC NORTHWEST BELL	PNTC	$414,111	$3,083	$3,436	$884	$7,403	1.79% PNTC
20	CENTRAL OF FLORIDA	CEFL	$35,379	$112	$392	$26	$530	1.50% CEFL
21	CENTRAL OF NEVADA	CENV	$54,978	$17	$14	$2	$33	0.06% CENV
22	CINCINNATI BELL TELEPHONE	CBTC	$100,906	$438	$390	$204	$1,032	1.02% CBTC
23	CONTEL OF CALIFORNIA	COCA	$40,125	$766	$632	$106	$1,503	3.75% COCA
24	CONTEL OF NEW YORK	CONY	$31,461	$510	$0	$21	$531	1.69% CONY
25	CONTEL OF TEXAS	COTX	$21,413	$903	$311	$41	$1,255	5.86% COTX
26	CONTEL OF VIRGINIA	COVA	$52,783	$2,006	$790	$268	$3,063	5.80% COVA
27	GTE CALIFORNIA, INC.	GTCA	$446,586	$5,909	$0	$277	$6,187	1.39% GTCA
28	GTE FLORIDA, INC.	GTFL	$309,432	$5,012	$1,337	$1,406	$7,755	2.51% GTFL
29	GTE NORTHWEST, INC.	GTNW	$150,853	$361	$2,001	$117	$2,478	1.64% GTNW
30	GTE SOUTH, INC.	GTSO	$204,758	$1,739	$753	$310	$2,803	1.37% GTSO
31	GTE SOUTHWEST, INC.	GTSW	$217,168	$1,326	$1,902	$507	$3,734	1.72% GTSW
32	GTE NORTH, INC.	GTMW	$482,744	$4,848	$6,651	$1,043	$12,542	2.60% GTMW
33	GTE HAWAIIAN, INC.	GTHI	$99,227	$815	$456	$159	$1,431	1.44% GTHI
34	LINCOLN TELEPHONE COMPANY	LTNE	$28,326	$0	$0	$0	$0	LTNE
35	ROCHESTER TELEPHONE CORPORATION	RTNY	$55,518	$1,092	$785	$432	$2,309	4.16% RTNY
36	SOUTHERN NEW ENGLAND TELEPHONE	SNCT	$378,175	$2,750	$2,825	$881	$6,456	1.71% SNCT
37	UNITED OF FLORIDA	UTFL	$170,587	$3,452	$0	$96	$3,547	2.08% UTFL
38	UNITED OF INDIANA	UTIN	$28,143	$567	$429	$74	$1,070	3.80% UTIN
39	CAROLINA TEL. & TEL.	UTNC	$100,387	$2,704	$240	$257	$3,201	3.19% UTNC
40	UNITED OF OHIO	UTOH	$61,409	$798	$356	$152	$1,306	2.13% UTOH
41	UNITED OF PENN.	UTPA	$30,380	$102	$273	$35	$410	1.35% UTPA
42	UNITED INTER-MOUNTAIN	UTIM	$39,918	$122	$338	$36	$497	1.24% UTIM
.	. . .	.	.				.	

D.2 - HOLDING COMPANY TOTALS

**	TOTAL ALL HOLDING COMPANIES	$19,544,494	$100,570	$90,679	$39,390	$230,640	1.18%
1	AMERITECH	$2,307,643	$14,083	$15,340	$10,324	$39,747	1.72%
2	BELL ATLANTIC	$2,698,520	$18,240	$20,166	$10,701	$49,107	1.82%
3	BELL SOUTH	$2,728,737	$3,723	$5,894	$2,620	$12,238	0.45%
4	NYNEX	$3,089,112	$9,957	$10,125	$3,959	$24,041	0.78%
5	PACIFIC TELESIS	$1,610,083	$750	$713	$166	$1,629	0.10%
6	SOUTHWESTERN BELL TEL. CO.	$1,781,225	$7,101	$4,340	$2,204	$13,644	0.77%
7	U.S. WEST	$2,188,518	$10,369	$13,227	$2,966	$26,561	1.21%
8	CENTRAL TELEPHONE CO.	$90,357	$129	$406	$28	$563	0.62%
9	CINCINNATI BELL TELEPHONE	$100,906	$438	$390	$204	$1,032	1.02%
10	CONTINENTAL TELEPHONE CO.	$145,782	$4,184	$1,733	$436	$6,352	4.36%
11	GTE	$1,910,768	$20,010	$13,099	$3,820	$36,929	1.93%
12	LINCOLN TELEPHONE CO.	$28,326	$0	$0	$0	$0	0.00%
13	ROCHESTER TELEPHONE CORP.	$55,518	$1,092	$785	$432	$2,309	4.16%
14	SOUTHERN NEW ENGLAND TELEPHONE	$378,175	$2,750	$2,825	$881	$6,456	1.71%
15	UNITED TELEPHONE SYSTEM	$430,824	$7,744	$1,636	$650	$10,031	2.33%

APPENDIX D

Depreciation Disallowances

89ATCH6A
FVG 20-Mar-89
AAD

DEPRECIATION AND AMORTIZATION ANALYSIS
OF PLANT IN SERVICE
(INCLUDES IMPACT OF TREND & CROSS SECTION TPIS DISALLOWANCES ON DEPRECIATION EXPENSE)

SUMMARY
REVENUE REQUIREMENT
DISALLOWANCE CHART

($ TO NEAREST THOUSAND)

OPERATING COMPANY TOTALS

			COMMON LINE	TS SWITCHED	SPECIAL ACCESS	TOTAL
			A	B	C	D
**	TOTAL ALL OPERATING COMPANIES	TOTL	$42,533	$36,125	$14,813	$93,471
1	ILLINOIS BELL	LBIL				$0
2	INDIANA BELL	NBIN	$699	$107	$402	$1,208
3	MICHIGAN BELL	MBMI				$0
4	OHIO BELL	OBOH	$478	$648	$279	$1,405
5	WISCONSIN BELL	WTWI	$99	$154	$58	$311
6	CHESAPEAKE & POTOMAC	CPTC	$1,753	$2,281	946	$4,980
7	DIAMOND STATE TEL.	DSDE	$86	$85	$43	$214
8	BELL OF PENNSYLVANIA	PAPA	$11,625	$9,207	$5,093	$25,925
9	NEW JERSEY BELL	NJNJ	$720	$688	$304	$1,712
10	SOUTHERN BELL	SBTC	$10,383	$7,662	$3,526	$21,571
11	SOUTH CENTRAL BELL	SCTC	$1,161	$940	$269	$2,370
12	NEW ENGLAND TELEPHONE	NETC	$781	$756	$165	$1,702
13	NEW YORK TELEPHONE	NYNY				$0
14	PACIFIC BELL	PTCA				$0
15	NEVADA BELL	PTNV	$307	$228	$47	$582
16	SOUTHWESTERN BELL TEL. CO.	SWTR	$4,859	$3,950	$1,817	$10,626
17	MOUNTAIN BELL	MSTC	$432	$508	$95	$1,035
18	NORTHWESTERN BELL	NWTC	$998	$1,511	$421	$2,930
19	PACIFIC NORTHWEST BELL	PNTC	$509	$573	$122	$1,204
20	CENTRAL OF FLORIDA	CEFL				$0
21	CENTRAL OF NEVADA	CENV				$0
22	CINCINNATI BELL TELEPHONE	CBTC				$0
23	CONTEL OF CALIFORNIA	COCA	$53	$37	$6	$96
24	CONTEL OF NEW YORK	CONY	$83	$73	$8	$164
25	CONTEL OF TEXAS	COTX				$0
26	CONTEL OF VIRGINIA	COVA	$148	$148	$25	$321
27	GTE CALIFORNIA, INC.	GTCA	$996	$1,095	$169	$2,260
28	GTE FLORIDA, INC.	GTFL	$4,755	$3,947	$655	$9,357
29	GTE NORTHWEST, INC.	GTNW	$135	$118	$22	$275
30	GTE SOUTH, INC.	GTSO	$227	$205	$60	$492
31	GTE SOUTHWEST, INC.	GTSW	$461	$313	$49	$823
32	GTE NORTH, INC.	GTNW	$79	$45	$9	$133
33	GTE HAWAIIAN, INC.	GTHI				$0
34	LINCOLN TELEPHONE COMPANY	LTNE				$0
35	ROCHESTER TELEPHONE CORPORATION	RTNY				$0
36	SOUTHERN NEW ENGLAND TELEPHONE	SNCT	$637	$786	$202	$1,625
37	UNITED OF FLORIDA	UTFL				$0
38	UNITED OF INDIANA	UTIN				$0
39	CAROLINA TEL. & TEL.	UTNC				$0
40	UNITED OF OHIO	UTOH				$0
41	UNITED OF PENN.	UTPA				$0
42	UNITED INTER-MOUNTAIN	UTIM	$69	$60	$21	$150

HOLDING COMPANY TOTALS

** TOTAL ALL HOLDING COMPANIES	$42,533	$36,125	$14,813	$93,471
1 AMERITECH	$1,276	$909	$739	$2,924
2 BELL ATLANTIC	$14,184	$12,261	$6,386	$32,831
3 BELL SOUTH	$11,544	$8,602	$3,795	$23,941
4 NYNEX	$781	$756	$165	$1,702
5 PACIFIC TELESIS	$307	$228	$47	$582
6 SOUTHWESTERN BELL TEL. CO.	$4,859	$3,950	$1,817	$10,626
7 U.S. WEST	$1,939	$2,592	$638	$5,169
8 CENTRAL TELEPHONE CO.	$0	$0	$0	$0
9 CINCINNATI BELL TELEPHONE	$0	$0	$0	$0
10 CONTINENTAL TELEPHONE CO.	$284	$258	$39	$581
11 GTE	$6,653	$5,723	$964	$13,340
12 LINCOLN TELEPHONE CO.	$0	$0	$0	$0
13 ROCHESTER TELEPHONE CORP.	$0	$0	$0	$0
14 SOUTHERN NEW ENGLAND TELEPHONE	$637	$786	$202	$1,625
15 UNITED TELEPHONE SYSTEM	$69	$60	$21	$150

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STATION CONNECTIONS

SUMMARY
REVENUE REQUIREMENT
DISALLOWANCE CHART

($ TO NEAREST THOUSAND)

		OPERATING COMPANY TOTALS			
		COMMON LINE	TS SWITCHED	SPECIAL ACCESS	TOTAL
		A	B	C	D
** TOTAL ALL OPERATING COMPANIES	TOTL	$23,982	$0	$1,516	$25,498
1 ILLINOIS BELL	LBIL				$0
2 INDIANA BELL	NBIN				$0
3 MICHIGAN BELL	MBMI				$0
4 OHIO BELL	OBOH				$0
5 WISCONSIN BELL	WTWI				$0
6 CHESAPEAKE & POTOMAC	CPTC				$0
7 DIAMOND STATE TEL.	DSDE				$0
8 BELL OF PENNSYLVANIA	PAPA				$0
9 NEW JERSEY BELL	NJNJ				$0
10 SOUTHERN BELL	SBTC				$0
11 SOUTH CENTRAL BELL	SCTC				$0
12 NEW ENGLAND TELEPHONE	NETC				$0
13 NEW YORK TELEPHONE	NYNY				$0
14 PACIFIC BELL	PTCA				$0
15 NEVADA BELL	PTNV				$0
16 SOUTHWESTERN BELL TEL. CO.	SWTR				$0
17 MOUNTAIN BELL	MSTC				$0
18 NORTHWESTERN BELL	NWTC				$0
19 PACIFIC NORTHWEST BELL	PNTC				$0
20 CENTRAL OF FLORIDA	CEFL				$0
21 CENTRAL OF NEVADA	CENV				$0
22 CINCINNATI BELL TELEPHONE	CBTC				$0
23 CONTEL OF CALIFORNIA	COCA				$0
24 CONTEL OF NEW YORK	CONY				$0
25 CONTEL OF TEXAS	COTX				$0
26 CONTEL OF VIRGINIA	COVA				$0
27 GTE CALIFORNIA, INC.	GTCA				$0
28 GTE FLORIDA, INC.	GTFL	$4,749	$0	$218	$4,967
29 GTE NORTHWEST, INC.	GTNW	$1,804	$0	$84	$1,888
30 GTE SOUTH, INC.	GTSO	$2,643	$0	$252	$2,895
31 GTE SOUTHWEST, INC.	GTSW	$5,503	$0	$315	$5,818
32 GTE NORTH, INC.	GTMW	$7,480	$0	$494	$7,974
33 GTE HAWAIIAN, INC.	GTHI	$1,803	$0	$153	$1,956
34 LINCOLN TELEPHONE COMPANY	LTNE				$0
35 ROCHESTER TELEPHONE CORPORATION	RTNY				$0
36 SOUTHERN NEW ENGLAND TELEPHONE	SNCT				$0
37 UNITED OF FLORIDA	UTFL				$0
38 UNITED OF INDIANA	UTIN				$0
39 CAROLINA TEL. & TEL.	UTNC				$0
40 UNITED OF OHIO	UTOH				$0
41 UNITED OF PENN.	UTPA				$0
42 UNITED INTER-MOUNTAIN	UTIM				$0
		HOLDING COMPANY TOTALS			
** TOTAL ALL HOLDING COMPANIES		$23,982	$0	$1,516	$25,498
1 AMERITECH		$0	$0	$0	$0
2 BELL ATLANTIC		$0	$0	$0	$0
3 BELL SOUTH		$0	$0	$0	$0
4 NYNEX		$0	$0	$0	$0
5 PACIFIC TELESIS		$0	$0	$0	$0
6 SOUTHWESTERN BELL TEL. CO.		$0	$0	$0	$0
7 U.S. WEST		$0	$0	$0	$0
8 CENTRAL TELEPHONE CO.		$0	$0	$0	$0
9 CINCINNATI BELL TELEPHONE		$0	$0	$0	$0
10 CONTINENTAL TELEPHONE CO.		$0	$0	$0	$0
11 GTE		$23,982	$0	$1,516	$25,498
12 LINCOLN TELEPHONE CO.		$0	$0	$0	$0
13 ROCHESTER TELEPHONE CORP.		$0	$0	$0	$0
14 SOUTHERN NEW ENGLAND TELEPHONE		$0	$0	$0	$0
15 UNITED TELEPHONE SYSTEM		$0	$0	$0	$0

NAME	UNSEPARATED DEPRECIATION EXPENSE DISALLOWANCE ($000)			
	RATE ANALYSIS	STATION CONNECTIONS AMORTIZATION	PLANT DISALLWNC	TOTAL
	A	B	C	D = (A+B+C)
AMERITECH	5,871	0	9,525	15,396
Indiana Bell	5,871	0	2,243	8,114
Ohio Bell	0	0	6,084	6,084
Wisconsin Bell	0	0	1,198	1,198
BELL ATLANTIC	117,846	0	14,776	132,622
C&P - D. C.	0	0	2,327	2,327
C&P - Maryland	11,288	0	4,222	15,510
C&P - Virginia	0	0	629	629
C&P - West Virginia	0	0	1,043	1,043
Diamond State	0	0	633	633
Bell of Pennsylvania	106,558	0	0	106,558
New Jersey Bell	0	0	5,922	5,922
BELLSOUTH	78,640	0	9,369	88,009
Southern Bell Total	75,207	0	3,218	78,425
Southern Bell - Florida	16,684	0	0	16,684
Southern Bell - Georgia	27,407	0	0	27,407
Southern Bell - North Carolina	18,954	0	0	18,954
Southern Bell - South Carolina	12,162	0	3,218	15,380
South Central Bell Total	3,433	0	6,151	9,584
South Central - Alabama	0	0	1,849	1,849
South Central - Kentucky	0	0	527	527
South Central - Louisiana	0	0	766	766
South Central - Mississippi	3,433	0	1,777	5,210
South Central - Tennessee	0	0	1,232	1,232
NYNEX	3,833	0	1,393	5,226
New England - Maine	2,601	0	490	3,091
New England - Massachusetts	0	0	0	0
New England - New Hampshire	1,232	0	903	2,135
New England - Rhode Island	0	0	0	0
PACIFIC BELL TOTAL	836	0	513	1,349
Nevada Bell	836	0	513	1,349
SOUTHWESTERN BELL TOTAL	42,290	0	460	42,750
Southwestern - Missouri	14,585	0	0	14,585
Southwestern - Oklahoma	0	0	460	460
Southwestern - Texas	27,705	0	0	27,705
US WEST	3,793	0	12,160	15,953
Mountain Bell Total	0	0	2,898	2,898
Mountain - Idaho	0	0	625	625
Mountain - Montana	0	0	673	673
Mountain - Utah	0	0	758	758
Mountain - Wyoming	0	0	842	842
Northwest Bell	3,793	0	4,923	8,716
Northwest - Iowa	0	0	63	63
Northwest - Minnesota	0	0	395	395
Northwest - Nebraska	3,793	0	2,960	6,753
Northwest - North Dakota	0	0	310	310
Northwest - South Dakota	0	0	1,195	1,195
Pacific Northwest Bell	0	0	4,339	4,339
Pacific NW - Idaho	0	0	58	58
Pacific NW - Oregon	0	0	1,561	1,561
Pacific NW - Washington	0	0	2,720	2,720

CONTEL - CALIFORNIA	0	0	450	450
CONTEL - NEW YORK	0	0	731	731
CONTEL - VIRGINIA	0	0	1,221	1,221
GTE TOTAL	28,413	94,200	21,645	144,258
GTE - California	4,252	0	7,252	11,504
GTE - Florida	24,161	14,800	7,162	46,123
GTE Northwest	0	6,347	1,032	7,379
GTE NW - Idaho	0	558	0	558
GTE NW - Oregon	0	0	313	313
GTE NW - Washington	0	5,789	719	6,508
GTE South	0	10,887	1,909	12,796
GTE SO - Alabama	0	988	376	1,364
GTE SO - Georgia	0	1,882	552	2,434
GTE SO - Kentucky	0	4,679	0	4,679
GTE SO - North Carolina	0	1,047	387	1,434
GTE SO - South Carolina	0	998	484	1,482
GTE SO - Tennessee	0	575	0	575
GTE SO - West Virginia	0	718	110	828
GTE Southwest	0	22,565	3,706	26,271
GTE SW - Arkansas	0	909	143	1,052
GTE SW - New Mexico	0	706	234	940
GTE SW - Oklahoma	0	1,202	310	1,512
GTE SW - Texas	0	19,748	3,019	22,767
GTE North	0	32,300	584	32,884
GTE NORTH - Indiana	0	7,242	0	7,242
GTE NORTH - Michigan	0	5,219	340	5,559
GTE NORTH - Missouri	0	1,930	244	2,174
GTE NORTH - Ohio	0	9,213	0	9,213
GTE NORTH - Pennsylvania	0	8,696	0	8,696
Hawaiian Telephone	0	7,301	0	7,301
Southern New England Tel	0	0	5,880	5,880
UTS TOTAL	681	0	0	681
United IM - Tennessee	681	0	0	681
TOTAL BOC	253,109	0	48,196	301,305
TOTAL GTE	28,413	94,200	21,645	144,258
TOTAL OTHERS	681	0	0	681
TOTAL INDUSTRY	282,203	94,200	69,841	446,244

APPENDIX E

Other Disallowances

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INTERSTATE ACCOUNT 6362

SUMMARY
REVENUE REQUIREMENT
DISALLOWANCE CHART

($ TO NEAREST THOUSAND)

			OPERATING COMPANY TOTALS			
			COMMON LINE	TS SWITCHED	SPECIAL ACCESS	TOTAL
			A	B	C	D
**	TOTAL ALL OPERATING COMPANIES	TOTL	$3,752	$0	$37	$3,789
1	ILLINOIS BELL	LBIL				$0
2	INDIANA BELL	NBIN				$0
3	MICHIGAN BELL	MBMI				$0
4	OHIO BELL	OBOH				$0
5	WISCONSIN BELL	WTWI				$0
6	CHESAPEAKE & POTOMAC	CPTC				$0
7	DIAMOND STATE TEL.	DSDE				$0
8	BELL OF PENNSYLVANIA	PAPA				$0
9	NEW JERSEY BELL	NJNJ				$0
10	SOUTHERN BELL	SBTC				$0
11	SOUTH CENTRAL BELL	SCTC				$0
12	NEW ENGLAND TELEPHONE	NETC				$0
13	NEW YORK TELEPHONE	NYNY				$0
14	PACIFIC BELL	PTCA				$0
15	NEVADA BELL	PTNV				$0
16	SOUTHWESTERN BELL TEL. CO.	SWTR				$0
17	MOUNTAIN BELL	MSTC	$620		$18	$638
18	NORTHWESTERN BELL	NWTC	$1,972		$15	$1,987
19	PACIFIC NORTHWEST BELL	PNTC	$1,160		$4	$1,164
20	CENTRAL OF FLORIDA	CEFL				$0
21	CENTRAL OF NEVADA	CENV				$0
22	CINCINNATI BELL TELEPHONE	CBTC				$0
23	CONTEL OF CALIFORNIA	COCA				$0
24	CONTEL OF NEW YORK	CONY				$0
25	CONTEL OF TEXAS	COTX				$0
26	CONTEL OF VIRGINIA	COVA				$0
27	GTE CALIFORNIA, INC.	GTCA				$0
28	GTE FLORIDA, INC.	GTFL				$0
29	GTE NORTHWEST, INC.	GTNW				$0
30	GTE SOUTH, INC.	GTSO				$0
31	GTE SOUTHWEST, INC.	GTSW				$0
32	GTE NORTH, INC.	GTNW				$0
33	GTE HAWAIIAN, INC.	GTHI				$0
34	LINCOLN TELEPHONE COMPANY	LTNE				$0
35	ROCHESTER TELEPHONE CORPORATION	RTNY				$0
36	SOUTHERN NEW ENGLAND TELEPHONE	SNCT				$0
37	UNITED OF FLORIDA	UTFL				$0
38	UNITED OF INDIANA	UTIN				$0
39	CAROLINA TEL. & TEL.	UTNC				$0
40	UNITED OF OHIO	UTOH				$0
41	UNITED OF PENN.	UTPA				$0
42	UNITED INTER-MOUNTAIN	UTIM				$0
.	.	.	.	HOLDING COMPANY TOTALS	.	.
**	TOTAL ALL HOLDING COMPANIES		$3,752	$0	$37	$3,789
1	AMERITECH		$0	$0	$0	$0
2	BELL ATLANTIC		$0	$0	$0	$0
3	BELL SOUTH		$0	$0	$0	$0
4	NYNEX		$0	$0	$0	$0
5	PACIFIC TELESIS		$0	$0	$0	$0
6	SOUTHWESTERN BELL TEL. CO.		$0	$0	$0	$0
7	U.S. WEST		$3,752	$0	$37	$3,789
8	CENTRAL TELEPHONE CO.		$0	$0	$0	$0
9	CINCINNATI BELL TELEPHONE		$0	$0	$0	$0
10	CONTINENTAL TELEPHONE CO.		$0	$0	$0	$0
11	GTE		$0	$0	$0	$0
12	LINCOLN TELEPHONE CO.		$0	$0	$0	$0
13	ROCHESTER TELEPHONE CORP.		$0	$0	$0	$0
14	SOUTHERN NEW ENGLAND TELEPHONE		$0	$0	$0	$0
15	UNITED TELEPHONE SYSTEM		$0	$0	$0	$0

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PART 69
ALLOCATION OF MARKETING EXPENSE TO THE INTEREXCHANGE CATEGORY

SUMMARY
REVENUE REQUIREMENT
DISALLOWANCE CHART

($ TO NEAREST THOUSAND)

			OPERATING COMPANY TOTALS			
			COMMON LINE	TS SWITCHED	SPECIAL ACCESS	TOTAL
			A	B	C	D
**	TOTAL ALL OPERATING COMPANIES	TOTL	$4,570	$2,156	$1,424	$8,150
1	ILLINOIS BELL	LBIL	$424	$239	$237	$900
2	INDIANA BELL	NBIN				$0
3	MICHIGAN BELL	MBMI				$0
4	OHIO BELL	OBOH				$0
5	WISCONSIN BELL	WTWI				$0
6	CHESAPEAKE & POTOMAC	CPTC	$104	$51	$63	$218
7	DIAMOND STATE TEL.	DSDE	$191	$45	$66	$302
8	BELL OF PENNSYLVANIA	PAPA	$329	$109	$132	$570
9	NEW JERSEY BELL	NJNJ	$97	$38	$38	$173
10	SOUTHERN BELL	SBTC	$64	$15	$22	$101
11	SOUTH CENTRAL BELL	SCTC	$59	$23	$20	$102
12	NEW ENGLAND TELEPHONE	NETC	$1,309	$947	$422	$2,678
13	NEW YORK TELEPHONE	NYNY	$157	$91	$64	$312
14	PACIFIC BELL	PTCA				$0
15	NEVADA BELL	PTNV				$0
16	SOUTHWESTERN BELL TEL. CO.	SWTR	$113	$69	$55	$237
17	MOUNTAIN BELL	MSTC				$0
18	NORTHWESTERN BELL	NWTC				$0
19	PACIFIC NORTHWEST BELL	PNTC	$292	$144	$55	$491
20	CENTRAL OF FLORIDA	CEFL				$0
21	CENTRAL OF NEVADA	CENV				$0
22	CINCINNATI BELL TELEPHONE	CBTC	$74	$22	$35	$131
23	CONTEL OF CALIFORNIA	COCA	$65	$14	$6	$85
24	CONTEL OF NEW YORK	CONY				$0
25	CONTEL OF TEXAS	COTX				$0
26	CONTEL OF VIRGINIA	COVA				$0
27	GTE CALIFORNIA, INC.	GTCA	$107	$27	$16	$150
28	GTE FLORIDA, INC.	GTFL	$587	$94	$72	$753
29	GTE NORTHWEST, INC.	GTNW				$0
30	GTE SOUTH, INC.	GTSO				$0
31	GTE SOUTHWEST, INC.	GTSW	$74	$16	$9	$99
32	GTE NORTH, INC.	GTMW	$150	$71	$28	$249
33	GTE HAWAIIAN, INC.	GTHI	$72	$39	$16	$127
34	LINCOLN TELEPHONE COMPANY	LTNE				$0
35	ROCHESTER TELEPHONE CORPORATION	RTNY				$0
36	SOUTHERN NEW ENGLAND TELEPHONE	SNCT	$188	$83	$60	$331
37	UNITED OF FLORIDA	UTFL	$114	$19	$8	$141
38	UNITED OF INDIANA	UTIN				$0
39	CAROLINA TEL. & TEL.	UTNC				$0
40	UNITED OF OHIO	UTOH				$0
41	UNITED OF PENN.	UTPA				$0
42	UNITED INTER-MOUNTAIN	UTIM				$0
.	.	.	.			
			HOLDING COMPANY TOTALS			
**	TOTAL ALL HOLDING COMPANIES		$4,570	$2,156	$1,424	$8,150
1	AMERITECH		$424	$239	$237	$900
2	BELL ATLANTIC		$721	$243	$299	$1,263
3	BELL SOUTH		$123	$38	$42	$203
4	NYNEX		$1,466	$1,038	$486	$2,990
5	PACIFIC TELESIS		$0	$0	$0	$0
6	SOUTHWESTERN BELL TEL. CO.		$113	$69	$55	$237
7	U.S. WEST		$292	$144	$55	$491
8	CENTRAL TELEPHONE CO.		$0	$0	$0	$0
9	CINCINNATI BELL TELEPHONE		$74	$22	$35	$131
10	CONTINENTAL TELEPHONE CO.		$65	$14	$6	$85
11	GTE		$990	$247	$141	$1,378
12	LINCOLN TELEPHONE CO.		$0	$0	$0	$0
13	ROCHESTER TELEPHONE CORP.		$0	$0	$0	$0
14	SOUTHERN NEW ENGLAND TELEPHONE		$188	$83	$60	$331
15	UNITED TELEPHONE SYSTEM		$114	$19	$8	$141

PART 69
ALLOCATION OF CUSTOMER SERVICES EXPENSE
INTEREXCHANGE CATEGORY

	SUMMARY REVENUE REQUIREMENT DISALLOWANCE CHART ($ TO NEAREST THOUSAND)		OPERATING COMPANY TOTALS COMMON LINE A	TS SWITCHED B	SPECIAL ACCESS C	TOTAL D
**	TOTAL ALL OPERATING COMPANIES	TOTL	$2,155	$875	$967	$3,997
1	ILLINOIS BELL	LBIL				$0
2	INDIANA BELL	NBIN				$0
3	MICHIGAN BELL	MBMI				$0
4	OHIO BELL	OBOH				$0
5	WISCONSIN BELL	WTWI				$0
6	CHESAPEAKE & POTOMAC	CPTC				$0
7	DIAMOND STATE TEL.	DSDE				$0
8	BELL OF PENNSYLVANIA	PAPA				$0
9	NEW JERSEY BELL	NJNJ				$0
10	SOUTHERN BELL	SBTC				$0
11	SOUTH CENTRAL BELL	SCTC				$0
12	NEW ENGLAND TELEPHONE	NETC	$452	$601	$335	$1,388
13	NEW YORK TELEPHONE	NYNY				$0
14	PACIFIC BELL	PTCA				$0
15	NEVADA BELL	PTNV				$0
16	SOUTHWESTERN BELL TEL. CO.	SWTR				$0
17	MOUNTAIN BELL	MSTC				$0
18	NORTHWESTERN BELL	NWTC				$0
19	PACIFIC NORTHWEST BELL	PNTC				$0
20	CENTRAL OF FLORIDA	CEFL	$314	$35	$91	$440
21	CENTRAL OF NEVADA	CENV	$593	$37	$16	$646
22	CINCINNATI BELL TELEPHONE	CBTC				$0
23	CONTEL OF CALIFORNIA	COCA				$0
24	CONTEL OF NEW YORK	CONY				$0
25	CONTEL OF TEXAS	COTX				$0
26	CONTEL OF VIRGINIA	COVA				$0
27	GTE CALIFORNIA, INC.	GTCA				$0
28	GTE FLORIDA, INC.	GTFL				$0
29	GTE NORTHWEST, INC.	GTNW				$0
30	GTE SOUTH, INC.	GTSO	$366	$113	$141	$620
31	GTE SOUTHWEST, INC.	GTSW				$0
32	GTE NORTH, INC.	GTMW				$0
33	GTE HAWAIIAN, INC.	GTHI	$430	$89	$384	$903
34	LINCOLN TELEPHONE COMPANY	LTNE				$0
35	ROCHESTER TELEPHONE CORPORATION	RTNY				$0
36	SOUTHERN NEW ENGLAND TELEPHONE	SNCT				$0
37	UNITED OF FLORIDA	UTFL				$0
38	UNITED OF INDIANA	UTIN				$0
39	CAROLINA TEL. & TEL.	UTNC				$0
40	UNITED OF OHIO	UTOH				$0
41	UNITED OF PENN.	UTPA				$0
42	UNITED INTER-MOUNTAIN	UTIM				$0
			HOLDING COMPANY TOTALS			
**	TOTAL ALL HOLDING COMPANIES		$2,155	$875	$967	$3,997
1	AMERITECH		$0	$0	$0	$0
2	BELL ATLANTIC		$0	$0	$0	$0
3	BELL SOUTH		$0	$0	$0	$0
4	NYNEX		$452	$601	$335	$1,388
5	PACIFIC TELESIS		$0	$0	$0	$0
6	SOUTHWESTERN BELL TEL. CO.		$0	$0	$0	$0
7	U.S. WEST		$0	$0	$0	$0
8	CENTRAL TELEPHONE CO.		$907	$72	$107	$1,086
9	CINCINNATI BELL TELEPHONE		$0	$0	$0	$0
10	CONTINENTAL TELEPHONE CO.		$0	$0	$0	$0
11	GTE		$796	$202	$525	$1,523
12	LINCOLN TELEPHONE CO.		$0	$0	$0	$0
13	ROCHESTER TELEPHONE CORP.		$0	$0	$0	$0
14	SOUTHERN NEW ENGLAND TELEPHONE		$0	$0	$0	$0
15	UNITED TELEPHONE SYSTEM		$0	$0	$0	$0

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20-Mar-89

INTERSTATE UNCOLLECTIBLES

SUMMARY
REVENUE REQUIREMENT
DISALLOWANCE CHART

($ TO NEAREST THOUSAND)

			OPERATING COMPANY TOTALS			
			COMMON LINE	TS SWITCHED	SPECIAL ACCESS	TOTAL
			A	B	C	D
***	TOTAL ALL OPERATING COMPANIES	TOTL	$699	$169	$33	$901
1	ILLINOIS BELL	LBIL				$0
2	INDIANA BELL	NBIN				$0
3	MICHIGAN BELL	MBMI				$0
4	OHIO BELL	OBOH				$0
5	WISCONSIN BELL	WTWI				$0
6	CHESAPEAKE & POTOMAC	CPTC				$0
7	DIAMOND STATE TEL.	DSDE				$0
8	BELL OF PENNSYLVANIA	PAPA				$0
9	NEW JERSEY BELL	NJNJ				$0
10	SOUTHERN BELL	SBTC				$0
11	SOUTH CENTRAL BELL	SCTC				$0
12	NEW ENGLAND TELEPHONE	NETC				$0
13	NEW YORK TELEPHONE	NYNY				$0
14	PACIFIC BELL	PTCA				$0
15	NEVADA BELL	PTNV				$0
16	SOUTHWESTERN BELL TEL. CO.	SWTR				$0
17	MOUNTAIN BELL	MSTC				$0
18	NORTHWESTERN BELL	NWTC				$0
19	PACIFIC NORTHWEST BELL	PNTC				$0
20	CENTRAL OF FLORIDA	CEFL				$0
21	CENTRAL OF NEVADA	CENV				$0
22	CINCINNATI BELL TELEPHONE	CBTC				$0
23	CONTEL OF CALIFORNIA	COCA				$0
24	CONTEL OF NEW YORK	CONY				$0
25	CONTEL OF TEXAS	COTX				$0
26	CONTEL OF VIRGINIA	COVA				$0
27	GTE CALIFORNIA, INC.	GTCA				$0
28	GTE FLORIDA, INC.	GTFL				$0
29	GTE NORTHWEST, INC.	GTNW				$0
30	GTE SOUTH, INC.	GTSO	$89	$135	$24	$248
31	GTE SOUTHWEST, INC.	GTSW				$0
32	GTE NORTH, INC.	GTMW	$610	$34	$9	$653
33	GTE HAWAIIAN, INC.	GTHI				$0
34	LINCOLN TELEPHONE COMPANY	LTNE				$0
35	ROCHESTER TELEPHONE CORPORATION	RTNY				$0
36	SOUTHERN NEW ENGLAND TELEPHONE	SNCT				$0
37	UNITED OF FLORIDA	UTFL				$0
38	UNITED OF INDIANA	UTIN				$0
39	CAROLINA TEL. & TEL.	UTNC				$0
40	UNITED OF OHIO	UTOH				$0
41	UNITED OF PENN.	UTPA				$0
42	UNITED INTER-MOUNTAIN	UTIM				$0
			HOLDING COMPANY TOTALS			
**	TOTAL ALL HOLDING COMPANIES		$699	$169	$33	$901
1	AMERITECH		$0	$0	$0	$0
2	BELL ATLANTIC		$0	$0	$0	$0
3	BELL SOUTH		$0	$0	$0	$0
4	NYNEX		$0	$0	$0	$0
5	PACIFIC TELESIS		$0	$0	$0	$0
6	SOUTHWESTERN BELL TEL. CO.		$0	$0	$0	$0
7	U.S. WEST		$0	$0	$0	$0
8	CENTRAL TELEPHONE CO.		$0	$0	$0	$0
9	CINCINNATI BELL TELEPHONE		$0	$0	$0	$0
10	CONTINENTAL TELEPHONE CO.		$0	$0	$0	$0
11	GTE		$699	$169	$33	$901
12	LINCOLN TELEPHONE CO.		$0	$0	$0	$0
13	ROCHESTER TELEPHONE CORP.		$0	$0	$0	$0
14	SOUTHERN NEW ENGLAND TELEPHONE		$0	$0	$0	$0
15	UNITED TELEPHONE SYSTEM		$0	$0	$0	$0

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INTERSTATE FEDERAL INCOME TAX

SUMMARY
REVENUE REQUIREMENT
DISALLOWANCE CHART

($ TO NEAREST THOUSAND)

			OPERATING COMPANY TOTALS			
			COMMON LINE	TS SWITCHED	SPECIAL ACCESS	TOTAL
			A	B	C	D
**	TOTAL ALL OPERATING COMPANIES	TOTL	$1,959	$1,989	$747	$4,695
1	ILLINOIS BELL	LBIL				$0
2	INDIANA BELL	NBIN				$0
3	MICHIGAN BELL	MBMI	$245	$290	$105	$640
4	OHIO BELL	OBOH				$0
5	WISCONSIN BELL	WTWI				$0
6	CHESAPEAKE & POTOMAC	CPTC	$1,164	$1,129	$504	$2,797
7	DIAMOND STATE TEL.	DSDE				$0
8	BELL OF PENNSYLVANIA	PAPA				$0
9	NEW JERSEY BELL	NJNJ				$0
10	SOUTHERN BELL	SBTC				$0
11	SOUTH CENTRAL BELL	SCTC				$0
12	NEW ENGLAND TELEPHONE	NETC				$0
13	NEW YORK TELEPHONE	NYNY				$0
14	PACIFIC BELL	PTCA				$0
15	NEVADA BELL	PTNV				$0
16	SOUTHWESTERN BELL TEL. CO.	SWTR				$0
17	MOUNTAIN BELL	MSTC				$0
18	NORTHWESTERN BELL	NWTC				$0
19	PACIFIC NORTHWEST BELL	PNTC	$550	$570	$138	$1,258
20	CENTRAL OF FLORIDA	CEFL				$0
21	CENTRAL OF NEVADA	CENV				$0
22	CINCINNATI BELL TELEPHONE	CBTC				$0
23	CONTEL OF CALIFORNIA	COCA				$0
24	CONTEL OF NEW YORK	CONY				$0
25	CONTEL OF TEXAS	COTX				$0
26	CONTEL OF VIRGINIA	COVA				$0
27	GTE CALIFORNIA, INC.	GTCA				$0
28	GTE FLORIDA, INC.	GTFL				$0
29	GTE NORTHWEST, INC.	GTNW				$0
30	GTE SOUTH, INC.	GTSO				$0
31	GTE SOUTHWEST, INC.	GTSW				$0
32	GTE NORTH, INC.	GTNW				$0
33	GTE HAWAIIAN, INC.	GTHI				$0
34	LINCOLN TELEPHONE COMPANY	LTNE				$0
35	ROCHESTER TELEPHONE CORPORATION	RTNY				$0
36	SOUTHERN NEW ENGLAND TELEPHONE	SNCT				$0
37	UNITED OF FLORIDA	UTFL				$0
38	UNITED OF INDIANA	UTIN				$0
39	CAROLINA TEL. & TEL.	UTNC				$0
40	UNITED OF OHIO	UTOH				$0
41	UNITED OF PENN.	UTPA				$0
42	UNITED INTER-MOUNTAIN	UTIM				$0
			HOLDING COMPANY TOTALS			
**	TOTAL ALL HOLDING COMPANIES		$1,959	$1,989	$747	$4,695
1	AMERITECH		$245	$290	$105	$640
2	BELL ATLANTIC		$1,164	$1,129	$504	$2,797
3	BELL SOUTH		$0	$0	$0	$0
4	NYNEX		$0	$0	$0	$0
5	PACIFIC TELESIS		$0	$0	$0	$0
6	SOUTHWESTERN BELL TEL. CO.		$0	$0	$0	$0
7	U.S. WEST		$550	$570	$138	$1,258
8	CENTRAL TELEPHONE CO.		$0	$0	$0	$0
9	CINCINNATI BELL TELEPHONE		$0	$0	$0	$0
10	CONTINENTAL TELEPHONE CO.		$0	$0	$0	$0
11	GTE		$0	$0	$0	$0
12	LINCOLN TELEPHONE CO.		$0	$0	$0	$0
13	ROCHESTER TELEPHONE CORP.		$0	$0	$0	$0
14	SOUTHERN NEW ENGLAND TELEPHONE		$0	$0	$0	$0
15	UNITED TELEPHONE SYSTEM		$0	$0	$0	$0

89ATCH8A
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20-Mar-89

CALCULATION OF BELL ATLANTIC'S OVERSTATED INTERSTATE PRIVATE LINE REV REQUIREMENTS FOR C&WF CATEGORIES 2&3 AND TRUNK CIRCUIT EQUIPMENT CATEGORIES 4.12 & 4.23

SUMMARY
REVENUE REQUIREMENT
DISALLOWANCE CHART

($ TO NEAREST THOUSAND)

			OPERATING COMPANY TOTALS			
			COMMON LINE	TS SWITCHED	SPECIAL ACCESS	TOTAL
			A	B	C	D
**	TOTAL ALL OPERATING COMPANIES	TOTL	$0	$0	$43,032	$43,032
1	ILLINOIS BELL	LBIL				$0
2	INDIANA BELL	NBIN				$0
3	MICHIGAN BELL	MBMI				$0
4	OHIO BELL	OBOH				$0
5	WISCONSIN BELL	WTWI				$0
6	CHESAPEAKE & POTOMAC	CPTC			$25,598	$25,598
7	DIAMOND STATE TEL.	DSDE			$1,399	$1,399
8	BELL OF PENNSYLVANIA	PAPA			$11,172	$11,172
9	NEW JERSEY BELL	NJNJ			$4,863	$4,863
10	SOUTHERN BELL	SBTC				$0
11	SOUTH CENTRAL BELL	SCTC				$0
12	NEW ENGLAND TELEPHONE	NETC				$0
13	NEW YORK TELEPHONE	NYNY				$0
14	PACIFIC BELL	PTCA				$0
15	NEVADA BELL	PTNV				$0
16	SOUTHWESTERN BELL TEL. CO.	SWTR				$0
17	MOUNTAIN BELL	MSTC				$0
18	NORTHWESTERN BELL	NWTC				$0
19	PACIFIC NORTHWEST BELL	PNTC				$0
20	CENTRAL OF FLORIDA	CEFL				$0
21	CENTRAL OF NEVADA	CENV				$0
22	CINCINNATI BELL TELEPHONE	CBTC				$0
23	CONTEL OF CALIFORNIA	COCA				$0
24	CONTEL OF NEW YORK	CONY				$0
25	CONTEL OF TEXAS	COTX				$0
26	CONTEL OF VIRGINIA	COVA				$0
27	GTE CALIFORNIA, INC.	GTCA				$0
28	GTE FLORIDA, INC.	GTFL				$0
29	GTE NORTHWEST, INC.	GTNW				$0
30	GTE SOUTH, INC.	GTSO				$0
31	GTE SOUTHWEST, INC.	GTSW				$0
32	GTE NORTH, INC.	GTMW				$0
33	GTE HAWAIIAN, INC.	GTHI				$0
34	LINCOLN TELEPHONE COMPANY	LTNE				$0
35	ROCHESTER TELEPHONE CORPORATION	RTNY				$0
36	SOUTHERN NEW ENGLAND TELEPHONE	SNCT				$0
37	UNITED OF FLORIDA	UTFL				$0
38	UNITED OF INDIANA	UTIN				$0
39	CAROLINA TEL. & TEL.	UTNC				$0
40	UNITED OF OHIO	UTOH				$0
41	UNITED OF PENN.	UTPA				$0
42	UNITED INTER-MOUNTAIN	UTIM				$0
			HOLDING COMPANY TOTALS			
**	TOTAL ALL HOLDING COMPANIES		$0	$0	$43,032	$43,032
1	AMERITECH		$0	$0	$0	$0
2	BELL ATLANTIC		$0	$0	$43,032	$43,032
3	BELL SOUTH		$0	$0	$0	$0
4	NYNEX		$0	$0	$0	$0
5	PACIFIC TELESIS		$0	$0	$0	$0
6	SOUTHWESTERN BELL TEL. CO.		$0	$0	$0	$0
7	U.S. WEST		$0	$0	$0	$0
8	CENTRAL TELEPHONE CO.		$0	$0	$0	$0
9	CINCINNATI BELL TELEPHONE		$0	$0	$0	$0
10	CONTINENTAL TELEPHONE CO.		$0	$0	$0	$0
11	GTE		$0	$0	$0	$0
12	LINCOLN TELEPHONE CO.		$0	$0	$0	$0
13	ROCHESTER TELEPHONE CORP.		$0	$0	$0	$0
14	SOUTHERN NEW ENGLAND TELEPHONE		$0	$0	$0	$0
15	UNITED TELEPHONE SYSTEM		$0	$0	$0	$0

89ATCH4A
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FLOWBACK OF EXCESS DEFERRED TAXES

SUMMARY
REVENUE REQUIREMENT
DISALLOWANCE CHART

($ TO NEAREST THOUSAND)

		OPERATING COMPANY TOTALS			
		COMMON LINE	TS SWITCHED	SPECIAL ACCESS	TOTAL
		A	B	C	D
**	TOTAL ALL OPERATING COMPANIES	TOTL	$1,966	$1,508	$603	$4,077
1	ILLINOIS BELL	LBIL				$0
2	INDIANA BELL	NBIN				$0
3	MICHIGAN BELL	MBMI				$0
4	OHIO BELL	OBOH				$0
5	WISCONSIN BELL	WTWI				$0
6	CHESAPEAKE & POTOMAC	CPTC				$0
7	DIAMOND STATE TEL.	DSDE				$0
8	BELL OF PENNSYLVANIA	PAPA				$0
9	NEW JERSEY BELL	NJNJ				$0
10	SOUTHERN BELL	SBTC				$0
11	SOUTH CENTRAL BELL	SCTC				$0
12	NEW ENGLAND TELEPHONE	NETC	$1,966	$1,508	$603	$4,077
13	NEW YORK TELEPHONE	NYNY				$0
14	PACIFIC BELL	PTCA				$0
15	NEVADA BELL	PTNV				$0
16	SOUTHWESTERN BELL TEL. CO.	SWTR				$0
17	MOUNTAIN BELL	MSTC				$0
18	NORTHWESTERN BELL	NWTC				$0
19	PACIFIC NORTHWEST BELL	PNTC				$0
20	CENTRAL OF FLORIDA	CEFL				$0
21	CENTRAL OF NEVADA	CENV				$0
22	CINCINNATI BELL TELEPHONE	CBTC				$0
23	CONTEL OF CALIFORNIA	COCA				$0
24	CONTEL OF NEW YORK	CONY				$0
25	CONTEL OF TEXAS	COTX				$0
26	CONTEL OF VIRGINIA	COVA				$0
27	GTE CALIFORNIA, INC.	GTCA				$0
28	GTE FLORIDA, INC.	GTFL				$0
29	GTE NORTHWEST, INC.	GTNW				$0
30	GTE SOUTH, INC.	GTSO				$0
31	GTE SOUTHWEST, INC.	GTSW				$0
32	GTE NORTH, INC.	GTMW				$0
33	GTE HAWAIIAN, INC.	GTHI				$0
34	LINCOLN TELEPHONE COMPANY	LTNE				$0
35	ROCHESTER TELEPHONE CORPORATION	RTNY				$0
36	SOUTHERN NEW ENGLAND TELEPHONE	SNCT				$0
37	UNITED OF FLORIDA	UTFL				$0
38	UNITED OF INDIANA	UTIN				$0
39	CAROLINA TEL. & TEL.	UTNC				$0
40	UNITED OF OHIO	UTOH				$0
41	UNITED OF PENN.	UTPA				$0
42	UNITED INTER-MOUNTAIN	UTIM				$0
			HOLDING COMPANY TOTALS			
**	TOTAL ALL HOLDING COMPANIES		$1,966	$1,508	$603	$4,077
1	AMERITECH		$0	$0	$0	$0
2	BELL ATLANTIC		$0	$0	$0	$0
3	BELL SOUTH		$0	$0	$0	$0
4	NYNEX		$1,966	$1,508	$603	$4,077
5	PACIFIC TELESIS		$0	$0	$0	$0
6	SOUTHWESTERN BELL TEL. CO.		$0	$0	$0	$0
7	U.S. WEST		$0	$0	$0	$0
8	CENTRAL TELEPHONE CO.		$0	$0	$0	$0
9	CINCINNATI BELL TELEPHONE		$0	$0	$0	$0
10	CONTINENTAL TELEPHONE CO.		$0	$0	$0	$0
11	GTE		$0	$0	$0	$0
12	LINCOLN TELEPHONE CO.		$0	$0	$0	$0
13	ROCHESTER TELEPHONE CORP.		$0	$0	$0	$0
14	SOUTHERN NEW ENGLAND TELEPHONE		$0	$0	$0	$0
15	UNITED TELEPHONE SYSTEM		$0	$0	$0	$0

SUMMARY
REVENUE REQUIREMENT
DISALLOWANCE CHART

($ TO NEAREST THOUSAND)

		OPERATING COMPANY TOTALS			
		COMMON LINE	TS SWITCHED	SPECIAL ACCESS	TOTAL
		A	B	C	D
** TOTAL ALL OPERATING COMPANIES	TOTL	$12,543	$0	$0	$12,543
1 ILLINOIS BELL	LBIL	$394			$394
2 INDIANA BELL	NBIN				$0
3 MICHIGAN BELL	MBMI	$239			$239
4 OHIO BELL	OBOH	$167			$167
5 WISCONSIN BELL	WTWI	$101			$101
6 CHESAPEAKE & POTOMAC	CPTC	$398			$398
7 DIAMOND STATE TEL.	DSDE				$0
8 BELL OF PENNSYLVANIA	PAPA	$685			$685
9 NEW JERSEY BELL	NJNJ	$1,121			$1,121
10 SOUTHERN BELL	SBTC	$1,354			$1,354
11 SOUTH CENTRAL BELL	SCTC	$1,869			$1,869
12 NEW ENGLAND TELEPHONE	NETC				$0
13 NEW YORK TELEPHONE	NYNY				$0
14 PACIFIC BELL	PTCA	$1,634			$1,634
15 NEVADA BELL	PTNV	$285			$285
16 SOUTHWESTERN BELL TEL. CO.	SWTR	$712			$712
17 MOUNTAIN BELL	MSTC	$325			$325
18 NORTHWESTERN BELL	NWTC	$262			$262
19 PACIFIC NORTHWEST BELL	PNTC	$310			$310
20 CENTRAL OF FLORIDA	CEFL				$0
21 CENTRAL OF NEVADA	CENV				$0
22 CINCINNATI BELL TELEPHONE	CBTC	$171			$171
23 CONTEL OF CALIFORNIA	COCA	$159			$159
24 CONTEL OF NEW YORK	CONY				$0
25 CONTEL OF TEXAS	COTX				$0
26 CONTEL OF VIRGINIA	COVA				$0
27 GTE CALIFORNIA, INC.	GTCA				$0
28 GTE FLORIDA, INC.	GTFL	$473			$473
29 GTE NORTHWEST, INC.	GTNW	$135			$135
30 GTE SOUTH, INC.	GTSO	$153			$153
31 GTE SOUTHWEST, INC.	GTSW	$225			$225
32 GTE NORTH, INC.	GTMW	$954			$954
33 GTE HAWAIIAN, INC.	GTHI	$188			$188
34 LINCOLN TELEPHONE COMPANY	LTNE				$0
35 ROCHESTER TELEPHONE CORPORATION	RTNY	$115			$115
36 SOUTHERN NEW ENGLAND TELEPHONE	SNCT				$0
37 UNITED OF FLORIDA	UTFL	$114			$114
38 UNITED OF INDIANA	UTIN				$0
39 CAROLINA TEL. & TEL.	UTNC				$0
40 UNITED OF OHIO	UTOH				$0
41 UNITED OF PENN.	UTPA				$0
42 UNITED INTER-MOUNTAIN	UTIM				$0
		HOLDING COMPANY TOTALS			
** TOTAL ALL HOLDING COMPANIES		$12,543	$0	$0	$12,543
1 AMERITECH		$901	$0	$0	$901
2 BELL ATLANTIC		$2,204	$0	$0	$2,204
3 BELL SOUTH		$3,223	$0	$0	$3,223
4 NYNEX		$0	$0	$0	$0
5 PACIFIC TELESIS		$1,919	$0	$0	$1,919
6 SOUTHWESTERN BELL TEL. CO.		$712	$0	$0	$712
7 U.S. WEST		$897	$0	$0	$897
8 CENTRAL TELEPHONE CO.		$0	$0	$0	$0
9 CINCINNATI BELL TELEPHONE		$171	$0	$0	$171
10 CONTINENTAL TELEPHONE CO.		$159	$0	$0	$159
11 GTE		$2,128	$0	$0	$2,128
12 LINCOLN TELEPHONE CO.		$0	$0	$0	$0
13 ROCHESTER TELEPHONE CORP.		$115	$0	$0	$115
14 SOUTHERN NEW ENGLAND TELEPHONE		$0	$0	$0	$0
15 UNITED TELEPHONE SYSTEM		$114	$0	$0	$114

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20-Mar-89

COMMON LINE
LOCAL BUSINESS OFFICE

SUMMARY
REVENUE REQUIREMENT
DISALLOWANCE CHART

($ TO NEAREST THOUSAND)

		OPERATING COMPANY TOTALS			
		COMMON LINE	TS SWITCHED	SPECIAL ACCESS	TOTAL
		A	B	C	D
** TOTAL ALL OPERATING COMPANIES	TOTL	$30,300	$0	$0	$30,300
1 ILLINOIS BELL	LBIL				$0
2 INDIANA BELL	NBIN				$0
3 MICHIGAN BELL	MBMI				$0
4 OHIO BELL	OBOH				$0
5 WISCONSIN BELL	WTWI				$0
6 CHESAPEAKE & POTOMAC	CPTC				$0
7 DIAMOND STATE TEL.	DSDE				$0
8 BELL OF PENNSYLVANIA	PAPA	$10,400			$10,400
9 NEW JERSEY BELL	NJNJ	$5,800			$5,800
10 SOUTHERN BELL	SBTC				$0
11 SOUTH CENTRAL BELL	SCTC				$0
12 NEW ENGLAND TELEPHONE	NETC				$0
13 NEW YORK TELEPHONE	NYNY				$0
14 PACIFIC BELL	PTCA	$14,100			$14,100
15 NEVADA BELL	PTNV				$0
16 SOUTHWESTERN BELL TEL. CO.	SWTR				$0
17 MOUNTAIN BELL	MSTC				$0
18 NORTHWESTERN BELL	NWTC				$0
19 PACIFIC NORTHWEST BELL	PNTC				$0
20 CENTRAL OF FLORIDA	CEFL				$0
21 CENTRAL OF NEVADA	CENV				$0
22 CINCINNATI BELL TELEPHONE	CBTC				$0
23 CONTEL OF CALIFORNIA	COCA				$0
24 CONTEL OF NEW YORK	CONY				$0
25 CONTEL OF TEXAS	COTX				$0
26 CONTEL OF VIRGINIA	COVA				$0
27 GTE CALIFORNIA, INC.	GTCA				$0
28 GTE FLORIDA, INC.	GTFL				$0
29 GTE NORTHWEST, INC.	GTNW				$0
30 GTE SOUTH, INC.	GTSO				$0
31 GTE SOUTHWEST, INC.	GTSW				$0
32 GTE NORTH, INC.	GTNW				$0
33 GTE HAWAIIAN, INC.	GTHI				$0
34 LINCOLN TELEPHONE COMPANY	LTNE				$0
35 ROCHESTER TELEPHONE CORPORATION	RTNY				$0
36 SOUTHERN NEW ENGLAND TELEPHONE	SNCT				$0
37 UNITED OF FLORIDA	UTFL				$0
38 UNITED OF INDIANA	UTIN				$0
39 CAROLINA TEL. & TEL.	UTNC				$0
40 UNITED OF OHIO	UTOH				$0
41 UNITED OF PENN.	UTPA				$0
42 UNITED INTER-MOUNTAIN	UTIM				$0
. . . .		HOLDING COMPANY TOTALS			
** TOTAL ALL HOLDING COMPANIES		$30,300	$0	$0	$30,300
1 AMERITECH		$0	$0	$0	$0
2 BELL ATLANTIC		$16,200	$0	$0	$16,200
3 BELL SOUTH		$0	$0	$0	$0
4 NYNEX		$0	$0	$0	$0
5 PACIFIC TELESIS		$14,100	$0	$0	$14,100
6 SOUTHWESTERN BELL TEL. CO.		$0	$0	$0	$0
7 U.S. WEST		$0	$0	$0	$0
8 CENTRAL TELEPHONE CO.		$0	$0	$0	$0
9 CINCINNATI BELL TELEPHONE		$0	$0	$0	$0
10 CONTINENTAL TELEPHONE CO.		$0	$0	$0	$0
11 GTE		$0	$0	$0	$0
12 LINCOLN TELEPHONE CO.		$0	$0	$0	$0
13 ROCHESTER TELEPHONE CORP.		$0	$0	$0	$0
14 SOUTHERN NEW ENGLAND TELEPHONE		$0	$0	$0	$0
15 UNITED TELEPHONE SYSTEM		$0	$0	$0	$0

APPENDIX F

Demand Adjustments

APPENDIX F

1. Carrier Common Line Demand

This Appendix examines the CCL MOU forecasts of the LECs and NECA. In general, both NECA and the LECs forecast CCL MOU using econometric models. Chart FRCTMETH outlines the methods used by the several Tier 1 LECs in their forecasts. NECA forecast total CCL demand as a function of real disposable personal income, the price to the consumer of the services that make up CCL demand, a variable for the direct assignment of WATS, and the percent of lines which are converted to equal access. NECA initially filed an estimate of total CCL minutes of use (MOU) for the entire industry of 259.2 billion MOU, based on the forecast from its econometric model, adjusted for revisions to Bell South's historic MOU data.[2] In its Errata filing, NECA revised upwards its forecast of total industry CCL MOU to 264.4 billion minutes, based on stronger than expected growth in actual MOU in 1988 and new service overlays that led to an increase of 2% in minutes.[3]

In previous annual access tariff filings, NECA had developed its forecast of CCL MOU by summing individual LEC forecasts. In the 1988 Access Order, we increased NECA's CCL MOU forecast by 11 billion minutes, based partly on an econometric model developed by AT&T. We noted in that Order that NECA's method of summing forecasts to develop the industry forecast was apparently flawed, and led to low forecasts.[1] In this year's filing, the individual LEC baseline forecasts are about 2.5 billion minutes less than NECA's total industry forecast. Coincidentally, the LECs also forecast about the 2.5 billion minutes of demand stimulation and NECA provided only a baseline forecast, but these figures indicate that the LECs have overall underforecast demand.

We have been unable to develop pooled models of CCL MOU demand. We have, however, used the same data NECA used to estimate national models of CCL MOU as a function of real price, real disposable personal income, a dummy variable for the direct assignment of WATS, and the percent of lines converted to equal access. We have also estimated national models of per capita CCL MOU as a function of real price, real per capita disposable personal income, the dummy variable for the direct assignment of WATS, and the percent of lines converted to equal access. Both models were estimated using several lag lengths on both the price and income variables and the resulting models all yielded an estimate of demand similar to that which NECA estimated. The summary statistics and forecast of CCL MOU demand for these models are given in Chart RGRES of this Appendix.

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1 1988 Access Order at para. 193

We also ran a trend regression on total CCL MOU for data through November 1988 (from NECA's filing of February 15, 1989), and computed a forecast and a 95% confidence interval of the forecast.[2] NECA's estimate was within the confidence interval of the trend regression.

Chart CCLRPT give a comparison of the forecasts by the operating companies from the last three access filings to the actuals that then occurred for each of the periods for which the forecasts were made. The first page of Chart CCLRPT gives the forecasts and the actuals for 1988, 1987 and 1985/1986, and page 2 of that Chart gives the percent difference between the forecast and the actuals for each of those periods. These percentages are not strictly underforecasts by the companies, because the forecasts are baseline forecasts, and thus do not include all the price changes that eventually occurred in those years. Nevertheless, they do indicate that demand has grown more rapidly than expected.

We also ran trend regressions on each of the operating companies' CCL demand and computed a mean forecast and 95% confidence interval of the forecast. This analysis indicates that no company is forecasting below a 95% confidence interval of the trend. Chart CCLMOU gives the results of this analysis. However, these regressions are based upon demand estimates including demand stimulation.

It is necessary to correct the overall industry demand figure, but this analysis does not indicate that specific adjustmensts for individual carriers are appropriate to reflect NECA's updated industry demand data. Rather, it appears that industry-wide demand corrections provide the most reasonable basis for adjustments to CCL demand. These adjustments are shown in Columns A, B, and C of Chart DEMSTIM. Column A represents the baseline demand projected by each LEC, after removal of demand stimulation. The baseline figures are used to eliminate differences in individual LEC assumptions and implementation of demand stimulation. Column B represents the upward adjustment in demand to bring individual LEC projections to a reasonable level. Column C displays the recalculated baseline demand, before calculation of demand response, which is discussed below and displayed in Columns D and E.

2. Originating/Terminating Ratios

In its Cost Support, NECA identifies three reasons why historical O/T ratios may be inaccurate.[7] These are: (1) double-billing of Readyline 800

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2 Letter from Director - Tariff & Regulatory Matters, to Secretary, Federal Communications Commission, RE: SUMMARY OF NECA TOTAL POOL RESULTS AND MOU DATA, CC DOCKET NO. 87-339, dated February 15, 1989.

and like services, which shifts minutes from originating to termninating, have not been eliminated from the historical data; (2) O/T ratios for FGC and unmeasured FGD offices do not fully reflect new IXC services; and (3) the change in LEC reporting which occurred on January 1, 1988. Prior to January 1,1988, the LECs reported earned CCL revenue to NECA and minutes were derived by dividing revenues by the appropriate rate. After January 1, 1988, the LECs reported minutes, since the originating rate went to zero on that date. In addition to these problems, several companies, among them the United companies, switched their source for O/T splits to JTSS from STARS. This switch was made because the LECs and AT&T agreed the factors from JTSS were more accurate than those from STARS.

Given these difficulties with the historic O/T ratios, a comparison of historical to prospective O/T ratios may be misleading. However, the most conservative test we can make is to compare the test period O/T ratio to the historical maximum rate reported by the operating company.[8] This comparison is reported in Chart OTRATIO. Seven companies, New York Telephone, New England Telephone, Northwestern Bell, Contel of California, SNET, Carolina T&T, and United of Pennsylvania, are reporting a test period O/T ratio greater than their maximum historical value. NYT and NET provide documentation to indicate that this is due to Readyline 800 increases.[9] SNET does not quantify the effect, but states that WATS and 800 services are declining.[10] Northwestern Bell's increase appears to be due solely to Nebraska, but no explanation is given. Contel of California and the two United companies forecast originating minutes by service (DDD, WATS, OPH, etc.), and develop terminating minutes by O/T ratios. The United companies switched from STARS to JTSS, which they indicate has led to a discontinuity.

We are adjusting none of the individual company O/T ratios. The problems identified by NECA outlined above, and the conversion to equal access and consequent measurement of FGC terminating minutes appear to explain the changes in the O/T ratio. However, we are adjusting NECA's split of originating and terminating minutes. In their initial filing, NECA forecast 259.2 billion total MOU, and split this total to origingating and terminating by taking the sum of the individual company forecasted originating minutes and terminating minutes and deriving the ratio they used from those numbers. NECA's errata filing rased the forecast by 5.2 billion MOU, but added the additional 5.2 billion minutes all to originating MOU. We accept NECA's adjustment of total minutes, but direct them to use the split of Originating to Terminating reflected in their December 30, 1988 filing. This calculation is provided in Chart MOUDIST in this Appendix.

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3. Traffic Sensitive Demand

Chart TSRPT presents a "report card" for TS demand, just as CCLRPT presented a "report card" for CCL demand. The interpretation of this chart is the same as for Chart CCLRPT.

We also performed a trend line regression for TS MOU for each operating company and computed a forecast and 95% confidence interval. The results are reported on Chart TSMOU. Only two companies were identified as falling outside the confidence interval, Indiana Bell and United of Pennsylvania. United of Pennsylvania appears to be forecasting a decline in the growth of WATS, which would lead to a decline in the growth of TS MOU. Indiana Bell's forecast is based on their econometric model, and appears reasonable. We are therefore proposing no adjustment to these companies' TS demand.

4. Demand Stimulation

Chart DEMSTIM computes the corrected forecasts of CCL MOU for each of the operating companies and then computes a demand response to the expected April 1, 1989 price change. Column A of the Chart reports the baseline forecast for each company minus the demand response each company computed. The aggregate difference between demand including the companies' computed baseline demand and the likely industry total demand is approximately 2.5 billion minutes. This amount of minutes is then apportioned to each of the companies based on their portion of total baseline MOU. This factor is given in column B. Column C is column A time column B, and represents the companies adjusted baseline demand. Column D is the factor for stimulation, assuming a price elasticity of -0.47 and a price change of 2.5%. Column E is column C times column D, and is the the companies' adjusted rate making demand, AS ADJUSTED.

HOLDING COMPANY FORECAST INFORMATION

Holding Co.	Method of Forecast	Elasticity		Time Period of Regression	Dependent Variable	Economic Variable	Lag Length	
		Price	Economic				Price	Economic
AMTR	Pooled Cross-Section (except Indiana)	-0.370	0.670	1/79 - 8/88	TS MOU	Real Personal Income	12	9
BATR	Pooled Cross-Section	-0.527	0.758	7/85 - 8/88	TS MOU	Real Personal Income	9	9
BSTR	Pooled Cross-Section	na	na	7/84 - 6/88	TS MOU CCL MOU	Real Personal Income	9	9
NXTR	Pooled Cross-Section	-0.448	0.822	7/84 - 6/88	TS MOU	Real Personal Income, per capita	9	9
PTTR	CA - Business Plan NV - Regression	na na	na na	na 1/85 - 9/88	na TS MOU	na Personal Income	na 9	na 6
SWTR	Pooled by state & service	-0.630	0.370	1/85 - 2/88	CCL, LS, LT MOU	Real Income per Access Line	9	9
USTR	Pooled Cross-Section	-0.440	0.510	1/85 - 6/88	SLU MOU	Real Personal Income	na	na
CETC	na	na	na	na	na	na	na	na
CBTC	Linear Trend, compared to weighted moving average and multiple regression	-0.337	0.601	2/77 - 2/88	IS CCL MOU	Real Personal Income	na	na
COTC	Linear Trend, compared to pooled model	na	na	Q1/80 - Q4/87	Orig MOU (MTS, WATS, 800)	Varies	Varies	Varies
GTTC	Individual COSA models	varies	varies	varies	varies	varies	varies	varies
LTNE	OLS			6/84 - 9/88	TS MOU	na	na	na
RTNY	OLS	-0.404	2.567	8/84 - 9/88	TS MOU	Real Personal Income	12	6
SNCT	OLS	na	na	na	TS MOU	Income	na	na
UTTC	Individual company models	varies	varies	varies	Orig MOU by service	na	na	na

SUMMARY STATISTICS OF NATIONAL MODELS OF TOTAL CCLMOU DEMAND

MODEL: LN(CCLMOU) = Constant + LN(Real Price, lagged) +
LN(Real Disposable Personal Income, lagged) +
WATDA + WEAR

			INCOME				
	LAG		0	3	6	9	12
		Adj R2	0.964	0.967	0.970	0.971	0.974
		D-W	2.071	2.123	2.170	2.214	2.291
	0	L-R Price Elas	0.686 *	-0.654 *	-0.602 *	-0.549 *	-0.485 *
		L-R Inc Elas	1.171 *	1.432 *	1.785 *	2.063 *	2.413 *
		Test Per Dmd	265.116	267.255	269.815	271.846	274.265
		Adj R2	0.961	0.964	0.964	0.964	0.966
		D-W	2.087	2.143	2.155	2.157	2.194
	3	L-R Price Elas	-0.627 *	-0.595 *	0.554 *	-0.508 *	-0.439 *
		L-R Inc Elas	1.114 *	1.407 *	1.682 *	1.927 *	2.346 *
		Test Per Dmd	263.953	266.294	268.278	270.003	272.831
		Adj R2	0.964	0.968	0.969	0.968	0.970
		D-W	2.087	2.151	2.179	2.180	2.210
PRICE	6	L-R Price Elas	-0.653 *	-0.613 *	-0.576 *	-0.546 *	-0.489 *
		L-R Inc Elas	0.678	1.052 *	1.320 *	1.483 *	1.848 *
		Test Per Dmd	262.124	264.641	266.517	267.677	270.037
		Adj R2	0.968	0.970	0.971	0.972	0.974
		D-W	2.126	2.152	2.187	2.219	2.278
	9	L-R Price Elas	-0.709 *	-0.665 *	-0.624 *	-0.590 *	-0.531 *
		L-R Inc Elas	0.167	0.532	0.862	1.094	1.504 *
		Test Per Dmd	260.951	262.890	264.888	266.391	268.935
		Adj R2	0.968	0.968	0.969	0.970	0.974
		D-W	2.131	2.122	2.128	2.160	2.252
	12	L-R Price Elas	-0.752 *	-0.723 *	-0.683 *	-0.626 *	-0.537 *
		L-R Inc Elas	-0.157	0.062	0.380	0.812	1.459 *
		Test Per Dmd	261.441	262.306	263.896	266.275	270.008

NOTE: '*' means significant at the 95% confidence level.

SUMMARY STATISTICS OF NATIONAL MODELS OF TOTAL CCLMOU DEMAND

MODEL: LN(Per Capita CCLMOU) = Constant + LN(Real Price, lagged) +
LN(Real Per Capita Disposable Personal Income, lagged) +
WATDA + WEAR

			INCOME				
	LAG		0	3	6	9	12
		Adj R2	0.955	0.958	0.961	0.962	0.966
		D-W	2.067	2.114	2.156	2.194	2.261
	0	L-R Price Elas	-0.701 *	-0.679 *	-0.636 *	-0.589 *	-0.529 *
		L-R Inc Elas	1.081 *	1.370 *	1.801 *	2.159 *	2.622 *
		Test Per Dmd	264.521	266.226	268.438	270.277	272.516
		Adj R2	0.951	0.955	0.955	0.953	0.956
		D-W	2.087	2.134	2.147	2.145	2.175
	3	L-R Price Elas	-0.637 *	-0.614 *	-0.583 *	-0.548 *	-0.489 *
		L-R Inc Elas	1.049 *	1.380 *	1.672 *	1.919 *	2.426 *
		Test Per Dmd	263.537	265.441	266.968	268.222	270.607
		Adj R2	0.956	0.961	0.961	0.960	0.961
		D-W	2.092	2.151	2.175	2.173	2.198
PRICE	6	L-R Price Elas	-0.647 *	-0.617 *	-0.590 *	-0.568 *	-0.523 *
		L-R Inc Elas	0.592	1.024 *	1.320 *	1.462 *	1.868 *
		Test Per Dmd	262.444	264.445	265.938	266.707	268.553
		Adj R2	0.961	0.963	0.964	0.965	0.967
		D-W	2.141	2.158	2.187	2.216	2.277
	9	L-R Price Elas	-0.685 *	-0.653 *	-0.623 *	-0.597 *	-0.546 *
		L-R Inc Elas	0.062	0.455	0.815	1.072	1.578 *
		Test Per Dmd	262.097	263.435	264.953	266.143	268.350
		Adj R2	0.962	0.961	0.962	0.963	0.967
		D-W	2.151	2.135	2.135	2.160	2.255
	12	L-R Price Elas	-0.716 *	-0.697 *	-0.671 *	-0.627 *	-0.548 *
		L-R Inc Elas	0.267	-0.061	0.234	0.721	1.561 *
		Test Per Dmd	263.053	263.453	264.409	266.252	269.646

NOTE: '*' means significant at the 95% confidence level.

THREE YEAR REPORT CARD
CARRIER COMMON LINE MINUTES OF USE (CCLMOU)

CCLMOU FORECASTS AND ACTUALS

	88 Actuals (A)	88 Forecast (B)	87 Actuals (C)	87 Forecast (D)	85/86 Actuals (E)	85/86 Forecast (F)
IBIL	9,693,676	8,068,757	8,432,932	7,433,520	8,009,014	8,090,223
NBIN	2,844,285	2,490,571	2,635,873	2,325,147	2,494,395	2,234,484
MBMI	5,889,490	5,081,985	5,027,511	4,685,734	4,819,761	4,617,284
OBOH	5,099,444	4,771,498	4,769,640	4,404,887	4,644,815	4,628,896
WIWI	2,840,573	2,578,029	2,487,165	2,193,326	2,202,061	2,577,341
OPTC	13,880,285	13,187,617	12,620,259	11,732,663	11,287,451	10,321,242
DSDE	1,084,972	974,227	995,423	940,714	968,204	815,336
PAPA	8,767,826	8,252,677	8,144,665	7,510,373	7,589,567	7,406,153
NJNJ	12,249,015	11,128,000	11,348,991	10,845,837	9,087,783	9,431,441
SBIC	20,826,402	19,430,068	18,986,828	17,070,054	17,033,744	17,602,220
SCIC	13,200,904	11,631,669	11,799,418	10,346,561	11,815,663	10,949,412
NEIC	11,752,117	11,702,948	10,559,797	9,905,975	9,742,141	10,077,756
NYNY	19,971,196	19,437,386	17,993,197	17,806,772	16,783,400	16,200,058
PTCA	17,501,509	15,521,000	14,905,542	14,653,000	14,144,136	13,910,000
PINV	571,610	490,522	521,542	463,990	0	0
SWIR	20,185,534	19,242,259	18,353,258	16,396,899	17,575,528	18,233,664
MSIC	13,617,071	12,632,445	12,259,529	10,261,839	11,464,779	11,173,685
NWIC	7,262,779	6,250,117	6,448,926	5,902,620	6,692,824	5,883,644
PNIC	5,467,160	4,981,581	4,742,720	4,574,781	4,834,936	4,498,107
CEFL	492,136	487,030	479,452	382,677	340,411	307,551
CENV	1,140,946	1,088,128	1,022,335	799,401	873,137	780,466
CBIC	1,345,683	1,236,000	1,240,667	1,224,855	1,201,963	1,232,353
CCCA	295,747	269,918	255,219	236,498	208,404	203,499
CONY	304,568	268,773	289,667	270,733	220,295	219,934
CCIX	136,489	140,128	127,474	118,811	103,648	102,663
CCVA	716,897	611,856	587,754	537,867	479,193	411,602
GICA	3,962,975	3,749,697	3,284,111	3,059,209	2,777,740	2,532,980
GIFL	3,181,961	3,043,406	2,898,631	2,664,269	2,486,633	2,296,048
GINW	1,431,094	1,255,090	1,308,986	1,154,442	1,179,353	1,180,909
GISO	1,845,407	1,728,690	1,611,883	1,534,431	1,578,693	1,478,404
GISW	1,882,826	1,905,020	1,635,396	1,308,156	1,366,941	1,221,411
GIMW	4,343,268	4,294,014	4,067,465	3,961,384	3,911,551	3,691,669
GIHI	865,917	882,388	884,992	738,012	672,327	629,702
LINE	339,947	298,588	304,396	257,935	296,604	269,276
RINY	689,291	612,374	634,488	616,806	606,865	525,831
SNCT	4,615,196	4,791,978	4,193,637	4,083,586	4,211,987	4,002,557
UIFL	2,088,917	2,007,320	1,706,119	1,362,961	1,269,838	1,406,400
UIMN	233,491	228,541	216,948	197,600	197,433	193,905
UINC	1,423,352	1,254,417	1,214,803	1,131,368	1,080,999	1,022,080
UICH	684,726	571,353	567,536	451,517	478,633	455,219
UIPA	374,981	347,935	327,757	295,994	286,330	267,609
UIIM	506,249	411,607	410,048	335,781	346,080	329,729
TOTAL	225,627,912	209,337,607	202,302,980	186,178,985	187,365,261	183,412,743

Sources: (1) 1988 and 1987 numbers from DMD-3, col. A, rows 110 to 140 in 1989 TRP.
(2) 1985/1986 numbers are from DMD-3.1,col C, row 100 and 110 in the 1987 TRP.

THREE YEAR REPORT CARD
CARRIER COMMON LINE MINUTES OF USE (CCLMOU)

COMPARISON OF OPERATING CO. FORECASTS TO ACTUALS

	1988	1987	1985/1986	wtd. avg.	col (J) < -5%?	
	(G)	(H)	(I)	(J)	(K)	
LBIL	-16.76%	-11.85%	1.01%	-11.24%	Yes	LBIL
NBIN	-12.44%	-11.79%	-10.42%	-11.77%	Yes	NBIN
MBMI	-13.71%	-6.80%	-4.20%	-9.04%	Yes	MBMI
OEOH	-6.43%	-7.65%	-0.34%	-5.70%	Yes	OEOH
WIWI	-9.24%	-11.81%	17.04%	-5.01%	Yes	WIWI
OPTC	-4.99%	-7.03%	-8.56%	-6.52%	Yes	OPTC
DSDE	-10.21%	-5.50%	-15.79%	-9.44%	Yes	DSDE
PAPA	-5.88%	-7.79%	-2.42%	-5.95%	Yes	PAPA
NJNJ	-9.15%	-4.43%	3.78%	-4.68%	No	NJNJ
SBIC	-6.70%	-10.10%	3.34%	-6.05%	Yes	SBIC
SCIC	-11.89%	-12.31%	-7.33%	-11.15%	Yes	SCIC
NEIC	-0.42%	-6.19%	3.44%	-1.96%	No	NEIC
NYNY	-2.67%	-1.04%	-3.48%	-2.18%	No	NYNY
PTCA	-11.32%	-1.69%	-1.66%	-5.54%	Yes	PTCA
PINV	-14.19%	-11.03%	ERR	-12.61%	Yes	PINV
SWIR	-4.67%	-10.66%	3.74%	-5.38%	Yes	SWIR
MSTC	-7.23%	-16.29%	-2.54%	-9.92%	Yes	MSTC
NWTC	-13.94%	-8.47%	-12.09%	-11.38%	Yes	NWTC
PNTC	-8.88%	-3.54%	-6.97%	-6.36%	Yes	PNTC
CEFL	-1.04%	-20.18%	-9.65%	-10.42%	Yes	CEFL
CENV	-4.63%	-21.81%	-10.61%	-12.70%	Yes	CENV
CBIC	-8.15%	-1.27%	2.53%	-3.26%	No	CBIC
CCCA	-8.73%	-7.34%	-2.35%	-6.90%	Yes	CCCA
CONY	-11.75%	-6.54%	-0.16%	-7.35%	Yes	CONY
CDIX	2.67%	-6.80%	-0.95%	-1.84%	No	CDIX
CCVA	-14.65%	-8.49%	-14.11%	-12.08%	Yes	CCVA
GTCA	-5.38%	-6.85%	-8.81%	-6.65%	Yes	GTCA
GTFL	-4.35%	-8.09%	-7.66%	-6.51%	Yes	GTFL
GTNW	-12.30%	-11.81%	0.13%	-9.62%	Yes	GTNW
GTSO	-6.32%	-4.81%	-6.35%	-5.72%	Yes	GTSO
GTSW	1.18%	-20.01%	-10.65%	-9.66%	Yes	GTSW
GTMW	-1.13%	-2.61%	-5.62%	-2.62%	No	GTMW
GTHI	-0.40%	-16.61%	-6.34%	-8.07%	Yes	GTHI
LINE	-12.17%	-15.26%	-9.21%	-12.81%	Yes	LINE
RINY	-11.16%	-2.79%	-13.35%	-8.25%	Yes	RINY
SNCT	3.83%	-2.62%	-4.97%	-0.51%	No	SNCT
UTFL	-3.91%	-20.11%	10.75%	-7.46%	Yes	UTFL
UTTN	-2.12%	-8.92%	-1.79%	-4.77%	No	UTTN
UTNC	-11.87%	-6.87%	-5.45%	-8.58%	Yes	UTNC
UTOH	-16.56%	-20.44%	-4.89%	-15.78%	Yes	UTOH
UTPA	-7.21%	-9.69%	-6.54%	-8.07%	Yes	UTPA
UTTM	-18.69%	-18.11%	-4.72%	-15.67%	Yes	UTTM
TOTAL	-7.22%	-7.97%	-2.11%	-6.50%		
avg	-7.75%	-9.62%	-4.01%	-7.79%		
std dev	5.42%	5.68%	6.47%	3.63%		
			wtd avg	-6.48%		
			wtd std dev	3.86%		

NOTES: (1) Column D is computed by the formula ((2*col. (A))+ (2*col. (B)) + (col. (C))) / 5, except for PINV, which is (col. (A) + col. (B)) / 2.
(2) The weighted average and standard deviation at the base of column J uses each operating company's percent of the total 1988 actuals as the weights.
(3) The average and standard deviation reported at the base of columns a, b, c, and d are unweighted averages and standard deviations.

Carrier Common Line
Minutes of Use

Operating Company	TRP Forecast	Trend Line Forecast	95% confidence Interval of Trend Line		Amount Which TRP Forecast Misses Lower Bound of Confidence Interval
			Lower Bound	Upper Bound	
	(A)	(B)	(C)	(D)	(E)
IBIL	10,731,348	10,751,692	9,796,851	11,706,532	0
NBIN	3,154,400	3,253,717	2,946,106	3,561,329	0
MBMI	6,175,746	6,755,892	6,174,679	7,337,105	0
OBOH	5,537,832	5,890,683	5,268,616	6,512,750	0
WIWI	3,078,290	3,100,891	2,655,226	3,546,555	0
OPTC	15,379,523	15,951,030	13,334,650	18,567,409	0
DSDE	1,167,258	1,297,831	1,094,322	1,501,341	0
PAPA	9,735,138	9,882,268	8,335,897	11,428,640	0
NONU	13,896,673	14,031,713	12,109,696	15,953,729	0
SBIC	23,957,540	23,587,412	21,963,720	25,211,104	0
SCIC	15,157,272	14,761,902	13,702,670	15,821,134	0
NEIC	12,922,444	12,942,483	11,991,813	13,893,153	0
NYNY	21,927,202	21,872,969	20,372,616	23,373,321	0
PICA	19,478,362	19,431,398	17,882,292	20,980,504	0
PINV	635,092	645,819	555,196	736,442	0
SWIR	22,396,741	22,440,206	20,597,888	24,282,524	0
MSIC	14,994,575	15,391,502	13,856,798	16,926,207	0
NWIC	7,846,069	8,350,614	7,385,622	9,315,606	0
PNIC	5,939,278	6,217,244	5,281,689	7,152,799	0
OEFL	550,042	573,735	497,246	650,223	0
OENV	1,295,538	1,324,659	1,220,407	1,428,912	0
OEIC	1,481,879	1,501,242	1,344,794	1,657,689	0
COCA	364,368	335,670	311,002	360,338	0
CONY	360,349	346,773	313,520	380,027	0
COTX	145,615	156,049	145,489	166,610	0
COVA	829,402	798,719	717,432	880,005	0
GICA	4,755,081	4,507,931	4,134,942	4,880,921	0
GIFL	3,618,794	3,684,736	3,110,045	4,259,428	0
GINW	1,817,805	1,597,944	1,438,672	1,757,216	0
GISO	2,142,246	2,002,335	1,704,259	2,300,412	0
GISW	2,376,044	2,162,924	1,901,321	2,424,526	0
GIMW	4,986,616	4,753,574	4,209,555	5,297,592	0
GIHI	994,008	1,008,547	905,797	1,111,297	0
LINE	377,816	391,438	364,044	418,832	0
RINY	773,609	801,124	727,373	874,875	0
SNCT	5,100,285	5,142,195	4,507,901	5,776,490	0
UIFL	2,240,025	2,262,801	1,838,169	2,687,433	0
UITN	256,267	244,596	216,387	272,805	0
UINC	1,515,930	1,559,009	1,327,297	1,790,722	0
UIOH	702,856	689,496	599,351	779,642	0
UIPA	404,615	414,111	371,295	456,926	0
UITM	545,803	548,750	494,302	603,198	0
total	251,745,776	253,365,625	239,667,321	267,063,930	0

Originating/Terminating Ratios

	TEST PERIOD O/T RATIO	MAXIMUM HISTORICAL O/T RATIO	TEST PERIOD RATIO > HISTORICAL RATIO ?
	(A)	(B)	(C)
LBIL	86.17%	89.24%	
NBIN	62.12%	79.00%	
MBMI	68.40%	77.22%	
OBOH	70.71%	76.36%	
WIWI	61.59%	133.36%	
OPIC	82.29%	94.39%	
DSDE	73.70%	137.57%	
PAPA	67.46%	140.17%	
NJNJ	82.66%	122.37%	
SBIC	81.19%	85.80%	
SCIC	75.52%	82.67%	
NEIC	82.59%	80.54%	YES
NYNY	86.65%	85.53%	YES
PICA	78.49%	85.77%	
PINV	94.62%	102.29%	
SWIR	76.00%	89.99%	
MSIC	81.35%	100.08%	
NWIC	69.36%	68.63%	YES
PNIC	74.63%	85.81%	
CEFL	76.01%	114.72%	
CENV	96.93%	114.60%	
CEIC	65.72%	72.53%	
CICA	106.42%	101.98%	YES
CINY	63.20%	88.44%	
CITX	85.82%	88.29%	
CIVA	85.34%	123.56%	
GICA	98.37%	108.70%	
GIFL	83.93%	128.64%	
GINW	81.27%	106.41%	
GISO	79.13%	82.01%	
GISW	85.92%	103.59%	
GIMW	77.22%	120.43%	
GIHI	84.53%	112.83%	
LINE	66.29%	81.34%	
RINY	72.01%	79.11%	
SNCT	83.94%	76.75%	YES
UIFL	91.50%	111.95%	
UITN	90.40%	105.97%	
UINC	100.92%	89.66%	YES
UICH	65.72%	95.02%	
UIPA	84.48%	83.75%	YES
UITM	68.48%	94.13%	

COMPUTATION OF TOTAL INDUSTRY CCL MOU
(MOU in millions)

12/30 filing

	MOU	Percent of Total	Errata MOU	Errata MOU distributed
Originating Premium MOU	113,424	43.76%	118,628	115,701
Originating Non-Premium MOU	1,265	0.49%	1,265	1,290
Terminating Premium MOU	139,830	53.95%	139,830	142,637
Terminating Non-Premium MOU	4,676	1.80%	4,676	4,770
Total MOU	259,195		264,399	
Chargeable Originating MOU	113,993		119,198	116,282
Chargeable Terminating MOU	141,935		141,935	144,784

THREE YEAR REPORT CARD
TRAFFIC SENSITIVE MINUTES OF USE (TSMOU)

TSMOU FORECASTS AND ACTUALS

	88 Actuals (A)	88 Forecast (B)	87 Actuals (C)	87 Forecast (D)	85/86 Actuals (E)	85/86 Forecast (F)
LBTL	10,871,932	9,654,981	9,997,010	9,274,254	8,161,081	8,255,092
NEIN	3,602,347	2,780,340	3,215,413	2,714,467	2,558,308	2,625,618
MEMI	6,432,133	5,830,000	5,680,237	5,417,140	4,745,611	4,582,233
OEOH	5,836,667	5,678,160	5,562,230	5,192,137	4,887,497	4,330,759
WIWI	3,072,301	2,943,963	2,775,742	2,636,218	2,331,478	2,556,254
OPTC	15,487,555	14,705,149	13,879,538	13,023,169	11,920,851	10,321,242
DSDE	1,169,075	1,157,060	1,252,092	1,058,806	952,397	815,336
PAPA	9,377,720	9,464,588	9,309,615	8,582,717	7,806,806	7,406,153
NJNJ	13,165,075	13,000,000	12,011,548	12,034,314	10,131,671	9,431,426
SBTC	23,185,474	21,788,352	21,304,174	19,486,888	16,981,052	16,885,916
SCTC	14,227,374	13,163,446	13,091,011	11,956,934	10,938,486	10,949,412
NETC	13,102,944	13,019,067	11,986,041	11,295,766	9,704,127	10,278,252
NYNY	21,549,259	21,408,408	19,853,701	19,883,272	16,783,400	16,495,200
PTCA	19,705,572	17,645,150	16,576,876	16,712,203	15,310,240	14,471,167
PINV	662,066	616,030	609,135	592,632	0	0
SWIR	22,215,169	22,311,456	20,450,790	20,172,095	18,101,575	18,423,002
MSTC	14,706,644	14,234,753	13,729,144	11,286,926	11,140,284	10,721,670
NWTC	8,564,724	7,765,898	7,973,426	7,894,828	7,240,641	5,797,525
ENTC	5,818,161	5,708,474	5,505,623	5,260,043	4,764,760	4,498,107
OEFL	512,516	501,731	471,246	400,805	343,594	272,711
OENV	1,221,793	1,210,714	1,127,471	981,651	905,773	882,576
OETC	1,547,950	1,469,000	1,421,081	1,409,945	1,233,908	1,251,182
OOCA	302,707	276,535	262,189	244,150	208,875	211,149
OONY	311,618	274,088	297,093	275,999	220,295	219,934
OOTX	138,409	140,949	129,025	121,424	104,414	98,235
OOVA	724,860	633,013	598,374	550,122	458,264	411,602
GTCA	4,192,216	4,056,579	3,583,023	3,287,980	2,766,568	2,532,976
GTFL	3,396,773	3,295,801	3,121,791	2,938,085	2,500,212	2,296,048
GTNW	1,691,194	1,372,877	1,410,718	1,274,258	1,165,044	1,144,771
GTSO	2,004,770	1,922,191	1,761,610	1,761,384	1,549,127	1,478,404
GTSW	2,182,556	2,074,060	1,943,417	1,420,756	1,362,922	1,221,411
GTMW	4,776,086	4,737,354	4,397,768	4,324,665	3,857,268	3,691,669
GTHI	922,354	953,364	927,037	829,135	672,393	629,702
LTNE	366,184	326,083	326,404	304,658	294,952	269,276
RTNY	719,652	687,005	660,771	683,577	574,996	524,202
SNCT	5,139,465	5,359,291	4,740,175	4,625,226	4,080,235	3,960,555
UTFL	2,146,674	2,096,354	1,801,666	1,488,265	1,269,838	1,135,365
UTTN	238,772	243,167	222,055	211,259	197,433	189,154
UTNC	1,510,668	1,329,814	1,314,127	1,216,274	1,080,999	1,037,792
UTOH	708,129	609,420	593,537	501,006	478,633	463,187
UTPA	420,801	378,871	360,319	330,637	286,330	271,358
UTTM	522,170	469,633	460,238	380,927	346,080	331,909
TOTAL	248,450,509	237,293,169	226,694,481	214,036,487	190,418,418	183,369,522

Sources: (1) 1988 and 1987 numbers from DMD-3, col. A, rows 110 to 140 in 1989 TRP.
(2) 1985/1986 numbers are from DMD-3.1,col C, row 100 and 110 in the 1987 TRP.

THREE YEAR REPORT CARD
TRAFFIC SENSITIVE MINUTES OF USE (TSMOU)

COMPARISON OF OPERATING CO. FORECASTS TO ACTUALS

	1988	1987	1985/1986	wtd. avg. col (J) < -5%?		
	(G)	(H)	(I)	(J)	(K)	
LBIL	-11.19%	-7.23%	-1.14%	-7.60%	Yes	LBIL
NBIN	-22.82%	-15.58%	-2.56%	-15.87%	Yes	NBIN
MEMI	-9.36%	-4.63%	3.57%	-4.88%	No	MEMI
OEOH	-2.72%	-6.65%	12.86%	-1.18%	No	OEOH
WIWI	-4.18%	-5.03%	-8.79%	-5.44%	Yes	WIWI
OPIC	-5.05%	-6.17%	15.50%	-1.39%	No	OPIC
DSDE	-1.03%	-15.44%	16.81%	-3.22%	No	DSDE
PAPA	0.93%	-7.81%	5.41%	-1.67%	No	PAPA
NJNJ	-1.25%	0.19%	7.42%	1.06%	No	NJNJ
SBIC	-6.03%	-8.53%	0.56%	-5.71%	Yes	SBIC
SCIC	-7.48%	-8.66%	-0.10%	-6.48%	Yes	SCIC
NEIC	-0.64%	-5.76%	-5.59%	-3.68%	No	NEIC
NYNY	-0.65%	0.15%	1.75%	0.15%	No	NYNY
PICA	-10.46%	0.82%	5.80%	-2.70%	No	PICA
PINV	-6.95%	-2.71%	ERR	-4.83%	No	PINV
SWIR	0.43%	-1.36%	-1.74%	-0.72%	No	SWIR
MSIC	-3.21%	-17.79%	3.90%	-7.62%	Yes	MSIC
NWIC	-9.33%	-0.99%	24.89%	0.85%	No	NWIC
PNIC	-1.89%	-4.46%	5.93%	-1.35%	No	PNIC
OEFL	-2.10%	-14.95%	25.99%	-1.62%	No	OEFL
CENV	-0.91%	-12.93%	2.63%	-5.01%	Yes	CENV
CBIC	-5.10%	-0.78%	-1.38%	-2.63%	No	CBIC
CCCA	-8.65%	-6.88%	-1.08%	-6.43%	Yes	CCCA
CONY	-12.04%	-7.10%	0.16%	-7.62%	Yes	CONY
COIX	1.84%	-5.89%	6.29%	-0.36%	No	COIX
COVA	-12.67%	-8.06%	11.34%	-6.03%	Yes	COVA
GICA	-3.24%	-8.23%	9.22%	-2.74%	No	GICA
GIFL	-2.97%	-5.88%	8.89%	-1.76%	No	GIFL
GINW	-18.82%	-9.67%	1.77%	-11.04%	Yes	GINW
GISO	-4.12%	-0.01%	4.78%	-0.70%	No	GISO
GISW	-4.97%	-26.92%	11.59%	-10.44%	Yes	GISW
GIMW	-0.81%	-1.66%	4.49%	-0.09%	No	GIMW
GIHI	3.36%	-10.56%	6.78%	-1.52%	No	GIHI
LINE	-10.95%	-6.66%	9.54%	-5.14%	Yes	LINE
RINY	-4.54%	3.45%	9.69%	1.50%	No	RINY
SNCT	4.28%	-2.42%	3.02%	1.35%	No	SNCT
UIFL	-2.34%	-17.40%	11.85%	-5.53%	Yes	UIFL
UITN	1.84%	-4.86%	4.38%	-0.33%	No	UITN
UINC	-11.97%	-7.45%	4.16%	-6.93%	Yes	UINC
UIOH	-13.94%	-15.59%	3.33%	-11.14%	Yes	UIOH
UIPA	-9.96%	-8.24%	5.52%	-6.18%	Yes	UIPA
UIWI	-10.06%	-17.23%	4.27%	-10.06%	Yes	UIWI
TOTAL	-4.49%	-5.58%	3.84%	-3.26%		
avg	-5.52%	-7.47%	5.65%	-4.11%		
std dev	5.79%	6.14%	6.94%	3.90%		
			wtd avg	-3.18%		
			wtd std dev	4.01%		

NOTES: (1) Column D is computed by the formula ((2*col. (A))+ (2*col. (B)) + (col. (C))) / 5, except for PINV, which is (col. (A) + col. (B))* / 2.
(2) The weighted average and standard deviation at the base of column J uses each operating company's percent of the total 1988 actuals as the weights.
(3) The average and standard deviation reported at the base of columns a, b, c, and d are unweighted averages and standard deviations.

Traffic Sensitive-Switched Minutes of Use

Operating Company	TRP Forecast	Trend Line Forecast	95% confidence Interval of Trend Line		Amount Which TRP Forecast Misses Lower Bound of Confidence Interval	Percent by Which TRP Forecast Misses Lower Bound of Confidence Interval
			Lower Bound	Upper Bound		
	(A)	(B)	(C)	(D)	(E)	(F)
IBIL	12,229,457	12,594,643	11,852,442	13,336,844	0	
NBIN	3,800,000	4,512,884	3,914,905	5,110,863	(114,905)	-3.02%
MBMI	6,846,725	7,256,922	6,761,162	7,752,683	0	
OBOH	6,295,405	6,492,056	5,771,988	7,212,124	0	
WIWI	3,390,187	3,394,436	2,965,783	3,823,088	0	
CPTC	16,259,041	17,910,251	13,582,293	22,238,209	0	
DSDE	1,361,631	1,490,454	1,087,990	1,892,917	0	
PAPA	10,722,226	10,110,058	8,299,083	11,921,034	0	
NJNJ	14,940,571	14,224,684	12,534,867	15,914,501	0	
SBIC	25,409,593	26,218,066	23,850,538	28,585,594	0	
SCIC	16,186,206	16,002,463	14,785,155	17,219,771	0	
NEIC	14,076,265	14,564,145	13,814,194	15,314,097	0	
NYNY	23,068,755	23,866,709	23,026,254	24,707,164	0	
PICA	21,599,690	22,623,537	20,624,144	24,622,930	0	
PINV	735,145	749,087	676,996	821,177	0	
SWIR	24,933,262	24,205,369	23,101,027	25,309,710	0	
MSIC	15,824,606	15,632,880	12,931,140	18,334,620	0	
NWIC	9,100,472	9,428,293	8,590,132	10,266,453	0	
PNJC	6,375,212	6,382,042	5,976,614	6,787,470	0	
CEFL	567,592	585,062	534,606	635,518	0	
CENV	1,417,328	1,348,274	1,266,628	1,429,919	0	
CBIC	1,640,985	1,721,341	1,635,914	1,806,768	0	
CCCA	371,652	358,666	319,893	397,438	0	
CCNY	367,470	362,270	316,555	407,985	0	
CCIX	146,465	157,714	142,689	172,738	0	
CCVA	855,261	850,541	761,230	939,851	0	
GICA	4,968,880	5,071,582	4,797,737	5,345,427	0	
GIFL	3,798,846	3,774,295	3,077,084	4,471,505	0	
GINW	1,914,294	2,001,942	1,893,166	2,110,718	0	
GISO	2,312,147	2,276,465	1,942,612	2,610,317	0	
GISW	2,517,782	2,220,878	2,008,850	2,432,905	0	
GIMW	5,310,285	5,289,510	4,464,896	6,114,124	0	
GIHI	1,031,917	1,062,220	867,289	1,257,151	0	
LINE	400,983	408,323	376,225	440,422	0	
RINY	795,076	790,446	741,777	839,116	0	
SNCT	5,569,720	5,701,502	5,333,148	6,069,857	0	
UIFL	2,303,793	2,355,492	1,539,633	3,171,352	0	
UIIN	279,040	249,483	231,480	267,486	0	
UINC	1,579,434	1,707,430	1,489,643	1,925,217	0	
UIOH	749,477	750,271	669,526	831,016	0	
UIPA	422,365	499,474	454,543	544,404	(32,178)	-7.62%
UITM	595,892	590,515	549,091	631,939	0	
total	273,071,133	277,792,672	273,000,675	282,584,668	0	

NOTES: (1) Sources for historical and test period TS MOU are:
for Q3/86 and Q4/86, DMD-1, col C, rows 750 and 760 in the 1988 TRP
for Q1/87 to Q3/88 and the Test period forecast, DMD-1, col C, rows 455 to 490 in the 1989 TRP, except for the first two quarters of 1987 for CBIC, which were reported as NA in the 1989 TRP. Data for those two quarters for CBIC are taken from DMD-1, col C, rows 770 and 780 in the 1988 TRP.

Total CCL

	Base demand (unadj.)	Adjustment Factor for frcst correct	Adjusted Base demand	Adjustment Factor for stimulation	Adjusted stim. demand
	(A)	(B)	(C)	(D)	(E)
LBIL	10,711,866	100.999%	10,818,883	1.01175	10,946,005
NBIN	3,148,695	100.999%	3,180,152	1.01175	3,217,519
MBMI	6,164,520	100.999%	6,226,107	1.01175	6,299,264
OBOH	5,527,771	100.999%	5,582,996	1.01175	5,648,597
WTWI	3,072,701	100.999%	3,103,399	1.01175	3,139,864
CPTC	15,166,886	100.999%	15,318,411	1.01175	15,498,403
DSDE	1,151,216	100.999%	1,162,717	1.01175	1,176,379
PAPA	9,601,540	100.999%	9,697,465	1.01175	9,811,410
NJNJ	13,703,370	100.999%	13,840,274	1.01175	14,002,897
SBTC	23,660,903	100.999%	23,897,288	1.01175	24,178,081
SCTC	14,967,600	100.999%	15,117,134	1.01175	15,294,761
NETC	12,843,269	100.999%	12,971,580	1.01175	13,123,996
NYNY	21,786,947	100.999%	22,004,610	1.01175	22,263,164
PTCA	19,234,500	100.999%	19,426,663	1.01175	19,654,926
PTNV	635,092	100.999%	641,437	1.01175	648,974
SWTR	22,106,887	100.999%	22,327,747	1.01175	22,590,098
MSTC	14,821,503	100.999%	14,969,578	1.01175	15,145,470
NWTC	7,755,507	100.999%	7,832,989	1.01175	7,925,026
PNTR	5,870,725	100.999%	5,929,377	1.01175	5,999,047
CEFL	550,042	100.999%	555,537	1.01175	562,065
CENV	1,295,538	100.999%	1,308,481	1.01175	1,323,856
CBTC	1,462,718	100.999%	1,477,331	1.01175	1,494,690
COCA	364,368	100.999%	368,008	1.01175	372,332
CONY	360,349	100.999%	363,949	1.01175	368,225
COTX	145,615	100.999%	147,070	1.01175	148,798
COVA	829,402	100.999%	837,688	1.01175	847,531
GTCA	4,736,537	100.999%	4,783,858	1.01175	4,840,068
GTFL	3,604,682	100.999%	3,640,695	1.01175	3,683,473
GTNW	1,810,767	100.999%	1,828,858	1.01175	1,850,347
GTSO	2,133,895	100.999%	2,155,214	1.01175	2,180,538
GTSW	2,366,772	100.999%	2,390,417	1.01175	2,418,505
GTMW	4,960,653	100.999%	5,010,213	1.01175	5,069,083
GTHI	975,705	100.999%	985,453	1.01175	997,032
LTNE	377,816	100.999%	381,591	1.01175	386,074
RTNY	744,358	100.999%	751,795	1.01175	760,628
SNCT	5,038,567	100.999%	5,088,905	1.01175	5,148,700
UTFL	2,200,560	100.999%	2,222,545	1.01175	2,248,660
UTIN	251,919	100.999%	254,436	1.01175	257,425
UTNC	1,489,412	100.999%	1,504,292	1.01175	1,521,967
UTOH	690,869	100.999%	697,771	1.01175	705,970
UTPA	397,375	100.999%	401,345	1.01175	406,061
UTIM	536,214	100.999%	541,571	1.01175	547,935
total	249,255,631	100.999%	251,745,828	1.01175	254,703,841

NOTES:
(1) Rate Making Demand Total CCL MOU are taken from col J, row 510 of Chart DMD-1 in the 1989 TRP.
(2) Demand Response Total CCL MOU are taken from col J, row 505 of Chart DMD-1 in the 1989 TRP.
(3) Col A of this Chart is computed by subtracting companies' Demand Response Total CCL MOU from their Rate Making Demand Total.
(4) Stimulation is computed assuming an elasticity of -0.47 and a price change of -2.5%

APPENDIX G

Rate Adjustment Factors
Cumulative Cost Disallowances

MASTER
LHR
TAR

20-Mar-89

MASTER TIER 1
CHART OF
ALL DISALLOWANCES

PROSPECTIVE
TOTAL ACCESS
REVENUE
RECURRING
CHARGES excl ICBs
TRP SOURCE:
(C1AP R.120/C.S)

MASTER REVENUE REQUIREMENT DISALLOWANCE CHART ($ TO NEAREST THOUSAND)	OPERATING COMPANY TOTALS COMMON LINE	TS SWITCHED	SPECIAL ACCESS	TOTAL			PCT D / E
	A	B	C	D		E	F
** TOTAL ALL OPERATING COMPANIES	$368,438	$133,911	$118,773	$621,122	TOTL	$19,544,494	3.18%
1 ILLINOIS BELL	$14,693	$7,213	$4,770	$26,676	LBIL	$750,139	3.56%
2 INDIANA BELL	$6,209	$1,618	$1,385	$9,212	NBIN	$350,626	2.63%
3 MICHIGAN BELL	$9,070	$1,553	$1,269	$11,892	MBMI	$529,836	2.24%
4 OHIO BELL	$6,403	$3,926	$4,202	$14,531	OBOH	$448,404	3.24%
5 WISCONSIN BELL	$4,835	$2,468	$2,399	$9,702	WTWI	$228,638	4.24%
6 CHESAPEAKE & POTOMAC	$22,442	$15,244	$34,803	$72,489	CPTC	$1,054,577	6.87%
7 DIAMOND STATE TEL.	$1,502	$377	$2,569	$4,448	DSDE	$76,542	5.81%
8 BELL OF PENNSYLVANIA	$29,917	$9,316	$17,163	$56,396	PAPA	$696,648	8.10%
9 NEW JERSEY BELL	$20,588	$8,862	$9,660	$39,111	NJNJ	$870,753	4.49%
10 SOUTHERN BELL	$17,952	$7,721	$4,347	$30,020	SBTC	$1,646,468	1.82%
11 SOUTH CENTRAL BELL	$6,062	$6,892	$2,688	$15,642	SCTC	$1,082,269	1.45%
12 NEW ENGLAND TELEPHONE	$32,406	$13,936	$7,179	$53,521	NETC	$1,019,558	5.25%
13 NEW YORK TELEPHONE	$36,429	$91	$4,849	$41,369	NYNY	$2,069,554	2.00%
14 PACIFIC BELL	$31,585	$0	$1,082	$32,667	PTCA	$1,564,439	2.09%
15 NEVADA BELL	$2,374	$941	$254	$3,569	PTNV	$45,644	7.82%
16 SOUTHWESTERN BELL TEL. CO.	$27,805	$8,691	$5,862	$42,357	SWTR	$1,781,225	2.38%
17 MOUNTAIN BELL	$6,812	$4,775	$815	$12,403	MSTC	$1,156,608	1.07%
18 NORTHWESTERN BELL	$6,954	$7,035	$1,946	$15,934	NWTC	$617,799	2.58%
19 PACIFIC NORTHWEST BELL	$6,973	$4,723	$1,283	$12,979	PNTC	$414,111	3.13%
20 CENTRAL OF FLORIDA	$426	$427	$117	$970	CEFL	$35,379	2.74%
21 CENTRAL OF NEVADA	$610	$51	$18	$679	CENV	$54,978	1.23%
22 CINCINNATI BELL TELEPHONE	$683	$412	$239	$1,334	CBTC	$100,906	1.32%
23 CONTEL OF CALIFORNIA	$1,043	$683	$118	$1,843	COCA	$40,125	4.59%
24 CONTEL OF NEW YORK	$593	$73	$29	$695	CONY	$31,461	2.21%
25 CONTEL OF TEXAS	$903	$311	$41	$1,255	COTX	$21,413	5.86%
26 CONTEL OF VIRGINIA	$2,154	$938	$293	$3,384	COVA	$52,783	6.41%
27 GTE CALIFORNIA, INC.	$9,948	$1,122	$600	$11,671	GTCA	$446,586	2.61%
28 GTE FLORIDA, INC.	$15,576	$5,378	$2,351	$23,305	GTFL	$309,432	7.53%
29 GTE NORTHWEST, INC.	$2,435	$2,119	$223	$4,776	GTNW	$150,853	3.17%
30 GTE SOUTH, INC.	$5,217	$1,206	$787	$7,211	GTSO	$204,758	3.52%
31 GTE SOUTHWEST, INC.	$7,589	$2,231	$880	$10,699	GTSW	$217,168	4.93%
32 GTE NORTH, INC.	$14,121	$6,801	$1,583	$22,505	GTMW	$482,744	4.66%
33 GTE HAWAIIAN, INC.	$3,308	$584	$712	$4,605	GTHI	$99,227	4.64%
34 LINCOLN TELEPHONE COMPANY	$0	$0	$0	$0	LTNE	$28,326	0.00%
35 ROCHESTER TELEPHONE CORPORATION	$1,207	$785	$432	$2,424	RTNY	$55,518	4.37%
36 SOUTHERN NEW ENGLAND TELEPHONE	$3,575	$3,694	$1,143	$8,412	SNCT	$378,175	2.22%
37 UNITED OF FLORIDA	$3,680	$19	$104	$3,802	UTFL	$170,587	2.23%
38 UNITED OF INDIANA	$567	$429	$74	$1,070	UTIN	$28,143	3.80%
39 CAROLINA TEL. & TEL.	$2,704	$240	$257	$3,201	UTNC	$100,387	3.19%
40 UNITED OF OHIO	$798	$356	$152	$1,306	UTOH	$61,409	2.13%
41 UNITED OF PENN.	$102	$273	$35	$410	UTPA	$30,380	1.35%
42 UNITED INTER-MOUNTAIN	$191	$398	$57	$647	UTIM	$39,918	1.62%
. . . .		HOLDING COMPANY TOTALS					
** TOTAL ALL HOLDING COMPANIES	$368,438	$133,911	$118,773	$621,122		$19,544,494	3.18%
1 AMERITECH	$41,209	$16,778	$14,026	$72,013		$2,307,643	3.12%
2 BELL ATLANTIC	$74,449	$33,799	$64,196	$172,444		$2,698,520	6.39%
3 BELL SOUTH	$24,014	$14,612	$7,035	$45,662		$2,728,737	1.67%
4 NYNEX	$68,835	$14,027	$12,028	$94,890		$3,089,112	3.07%
5 PACIFIC TELESIS	$33,959	$941	$1,336	$36,236		$1,610,083	2.25%
6 SOUTHWESTERN BELL TEL. CO.	$27,805	$8,691	$5,862	$42,357		$1,781,225	2.38%
7 U.S. WEST	$20,739	$16,533	$4,045	$41,316		$2,188,518	1.89%
8 CENTRAL TELEPHONE CO.	$1,036	$478	$135	$1,649		$90,357	1.82%
9 CINCINNATI BELL TELEPHONE	$683	$412	$239	$1,334		$100,906	1.32%
10 CONTINENTAL TELEPHONE CO.	$4,692	$2,005	$481	$7,177		$145,782	4.92%
11 GTE	$58,194	$19,440	$7,137	$84,771		$1,910,768	4.44%
12 LINCOLN TELEPHONE CO.	$0	$0	$0	$0		$28,326	0.00%
13 ROCHESTER TELEPHONE CORP.	$1,207	$785	$432	$2,424		$55,518	4.37%
14 SOUTHERN NEW ENGLAND TELEPHONE	$3,575	$3,694	$1,143	$8,412		$378,175	2.22%
15 UNITED TELEPHONE SYSTEM	$8,041	$1,715	$679	$10,436		$430,824	2.42%

INDEX 21-Mar-89
APPENDIX G

CHART ID	DESCRIPTION
MASTER	MASTER TIER 1 CHART OF ALL REVENUE REQUIREMENTS DISALLOWANCES

(SUMMATION OF THE FOLLOWING 16 CHARTS)

#	CHART ID	APPENDIX	DESCRIPTION
1	89ATCH1A	E	MARKETING EXPENSE
2	89ATCH2A	E	CUSTOMER SERVICES EXPENSE
3	89ATCH3A	B	INSIDE WIRE
4	89ATCH4A	E	EXCESS DEFERRED TAXES
5	89ATCH6A	D	DEPRECIATION & AMORTIZATION
6	89ATCH6B	D	STATION CONNECTIONS
7	89ATCH7A	E	REVENUE ACCOUNTING
8	89ATCH8A	E	BELL ATLANTIC'S OVERSTATED PL REV. REQ.
9	SUMREV	C	TPIS & ELD
10	T2	E	COMMON LINE LOCAL BUSINESS OFFICE
11	T3	E	INTERSTATE UNCOLLECTIBLES
12	T4	E	INTERSTATE FEDERAL INCOME TAX
13	T5	B	INTERSTATE ADVERTISING
14	T6	B	INTERSTATE EXPENSE LESS DEPRECIATION
15	T7	B	INTERSTATE ACCOUNT 1220
16	T9	E	INTERSTATE ACCOUNT 6362

RAFMSTR
LHR 21-Mar-89

SUMMARY COMMON LINE
COST REDUCTIONS

	($ TO NEAREST THOUSAND)	COMMON LINE A
**	TOTAL ALL OPERATING COMPANIES	$368,438
1	ILLINOIS BELL	$14,693
2	INDIANA BELL	$6,209
3	MICHIGAN BELL	$9,070
4	OHIO BELL	$6,403
5	WISCONSIN BELL	$4,835
6	CHESAPEAKE & POTOMAC	$22,442
7	DIAMOND STATE TEL.	$1,502
8	BELL OF PENNSYLVANIA	$29,917
9	NEW JERSEY BELL	$20,588
10	SOUTHERN BELL	$17,952
11	SOUTH CENTRAL BELL	$6,062
12	NEW ENGLAND TELEPHONE	$32,406
13	NEW YORK TELEPHONE	$36,429
14	PACIFIC BELL	$31,585
15	NEVADA BELL	$2,374
16	SOUTHWESTERN BELL TEL. CO.	$27,805
17	MOUNTAIN BELL	$6,812
18	NORTHWESTERN BELL	$6,954
19	PACIFIC NORTHWEST BELL	$6,973
20	CENTRAL OF FLORIDA	$426
21	CENTRAL OF NEVADA	$610
22	CINCINNATI BELL TELEPHONE	$683
23	CONTEL OF CALIFORNIA	$1,043
24	CONTEL OF NEW YORK	$593
25	CONTEL OF TEXAS	$903
26	CONTEL OF VIRGINIA	$2,154
27	GTE CALIFORNIA, INC.	$9,948
28	GTE FLORIDA, INC.	$15,576
29	GTE NORTHWEST, INC.	$2,435
30	GTE SOUTH, INC.	$5,217
31	GTE SOUTHWEST, INC.	$7,589
32	GTE NORTH, INC.	$14,121
33	GTE HAWAIIAN, INC.	$3,308
34	LINCOLN TELEPHONE COMPANY	$0
35	ROCHESTER TELEPHONE CORPORATION	$1,207
36	SOUTHERN NEW ENGLAND TELEPHONE	$3,575
37	UNITED OF FLORIDA	$3,680
38	UNITED OF INDIANA	$567
39	CAROLINA TEL. & TEL.	$2,704
40	UNITED OF OHIO	$798
41	UNITED OF PENN.	$102
42	UNITED INTER-MOUNTAIN	$191
.	. . .. .	
**	TOTAL ALL HOLDING COMPANIES	$368,438
1	AMERITECH	$41,209
2	BELL ATLANTIC	$74,449
3	BELL SOUTH	$24,014
4	NYNEX	$68,835
5	PACIFIC TELESIS	$33,959
6	SOUTHWESTERN BELL TEL. CO.	$27,805
7	U.S. WEST	$20,739
8	CENTRAL TELEPHONE CO.	$1,036
9	CINCINNATI BELL TELEPHONE	$683
10	CONTINENTAL TELEPHONE CO.	$4,692
11	GTE	$58,194
12	LINCOLN TELEPHONE CO.	$0
13	ROCHESTER TELEPHONE CORP.	$1,207
14	SOUTHERN NEW ENGLAND TELEPHONE	$3,575
15	UNITED TELEPHONE SYSTEM	$8,041

TIER 1

RAFMSTR
LHR 21-Mar-89

RATE ADJUSTMENT FACTORS

	($ TO NEAREST THOUSAND)	TS SWITCHED A	PROSPECTIVE TOTAL ACCESS REVENUE RECURRING CHARGES excl ICBs TRP SOURCE: (C1AP R.120) B	C = 1 - (A / B)		SPECIAL ACCESS D	PROSPECTIVE TOTAL ACCESS REVENUE RECURRING CHARGES excl ICBs TRP SOURCE: (C1AP R.120) E	F = 1 - (D / E)
**	TOTAL ALL OPERATING COMPANIES	$133,911	$7,720,927	0.9827		$118,773	$2,611,917	0.9545
1	ILLINOIS BELL	$7,203	$282,454	0.9745	LBIL	$4,770	$120,881	0.9605
2	INDIANA BELL	$1,618	$98,895	0.9836	NBIN	$1,385	$155,398	0.9911
3	MICHIGAN BELL	$1,553	$180,702	0.9914	MBMI	$1,269	$71,345	0.9822
4	OHIO BELL	$3,926	$170,312	0.9770	OBOH	$4,202	$69,178	0.9393
5	WISCONSIN BELL	$2,468	$82,978	0.9703	WTWI	$2,399	$34,514	0.9305
6	CHESAPEAKE & POTOMAC	$15,244	$352,307	0.9567	CPTC	$34,803	$158,013	0.7797
7	DIAMOND STATE TEL.	$377	$29,070	0.9870	DSDE	$2,569	$10,302	0.7507
8	BELL OF PENNSYLVANIA	$9,316	$236,911	0.9607	PAPA	$17,163	$93,116	0.8157
9	NEW JERSEY BELL	$8,862	$323,943	0.9726	NJNJ	$9,660	$120,379	0.9197
10	SOUTHERN BELL	$7,721	$559,529	0.9862	SBTC	$4,347	$248,956	0.9825
11	SOUTH CENTRAL BELL	$6,892	$375,170	0.9816	SCTC	$2,688	$135,736	0.9802
12	NEW ENGLAND TELEPHONE	$13,936	$468,400	0.9702	NETC	$7,179	$116,110	0.9382
13	NEW YORK TELEPHONE	$91	$939,169	0.9999	NYNY	$4,849	$325,160	0.9851
14	PACIFIC BELL	$0	$563,349	1.0000	PTCA	$1,082	$179,258	0.9940
15	NEVADA BELL	$941	$23,347	0.9597	PTNV	$254	$4,393	0.9422
16	SOUTHWESTERN BELL TEL. CO.	$8,691	$622,942	0.9860	SWTR	$5,862	$241,955	0.9758
17	MOUNTAIN BELL	$4,775	$528,160	0.9910	MSTC	$815	$126,164	0.9935
18	NORTHWESTERN BELL	$7,035	$301,847	0.9767	NWTC	$1,946	$74,237	0.9738
19	PACIFIC NORTHWEST BELL	$4,723	$183,703	0.9743	PNTC	$1,283	$39,940	0.9679
20	CENTRAL OF FLORIDA	$427	$14,786	0.9712	CEFL	$117	$2,775	0.9579
21	CENTRAL OF NEVADA	$51	$26,170	0.9980	CENV	$18	$3,082	0.9942
22	CINCINNATI BELL TELEPHONE	$412	$33,341	0.9877	CBTC	$239	$16,071	0.9851
23	CONTEL OF CALIFORNIA	$683	$17,611	0.9612	COCA	$118	$2,807	0.9581
24	CONTEL OF NEW YORK	$73	$12,683	0.9942	CONY	$29	$1,338	0.9781
25	CONTEL OF TEXAS	$311	$8,719	0.9643	COTX	$41	$944	0.9562
26	CONTEL OF VIRGINIA	$938	$21,928	0.9572	COVA	$293	$4,599	0.9364
27	GTE CALIFORNIA, INC.	$1,122	$209,882	0.9947	GTCA	$600	$38,089	0.9842
28	GTE FLORIDA, INC.	$5,378	$131,102	0.9590	GTFL	$2,351	$25,229	0.9068
29	GTE NORTHWEST, INC.	$2,119	$80,500	0.9737	GTNW	$223	$14,050	0.9841
30	GTE SOUTH, INC.	$1,206	$93,719	0.9871	GTSO	$787	$24,997	0.9685
31	GTE SOUTHWEST, INC.	$2,231	$106,442	0.9790	GTSW	$880	$14,616	0.9398
32	GTE NORTH, INC.	$6,801	$224,533	0.9697	GTMW	$1,583	$35,198	0.9550
33	GTE HAWAIIAN, INC.	$584	$51,238	0.9886	GTHI	$712	$8,817	0.9192
34	LINCOLN TELEPHONE COMPANY	$0	$14,186	1.0000	LTNE	$0	$3,107	1.0000
35	ROCHESTER TELEPHONE CORPORATION	$785	$17,621	0.9554	RTNY	$432	$8,070	0.9464
36	SOUTHERN NEW ENGLAND TELEPHONE	$3,694	$162,858	0.9773	SNCT	$1,143	$47,389	0.9759
37	UNITED OF FLORIDA	$19	$69,668	0.9997	UTFL	$104	$7,794	0.9867
38	UNITED OF INDIANA	$429	$11,114	0.9614	UTIN	$74	$3,206	0.9769
39	CAROLINA TEL. & TEL.	$240	$38,458	0.9938	UTNC	$257	$9,368	0.9725
40	UNITED OF OHIO	$356	$26,305	0.9865	UTOH	$152	$7,966	0.9809
41	UNITED OF PENN.	$273	$11,648	0.9766	UTPA	$35	$2,531	0.9861
42	UNITED INTER-MOUNTAIN	$398	$13,227	0.9699	UTIM	$57	$4,839	0.9882
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**	TOTAL ALL HOLDING COMPANIES	$133,911	$7,720,927	0.9827		$118,773	$2,611,917	0.9545
1	AMERITECH	$16,778	$815,341	0.9794		$14,026	$451,316	0.9689
2	BELL ATLANTIC	$33,799	$942,231	0.9641		$64,196	$381,810	0.8319
3	BELL SOUTH	$14,612	$934,699	0.9844		$7,035	$384,692	0.9817
4	NYNEX	$14,027	$1,407,569	0.9900		$12,028	$441,270	0.9727
5	PACIFIC TELESIS	$941	$586,696	0.9984		$1,336	$183,651	0.9927
6	SOUTHWESTERN BELL TEL. CO.	$8,691	$622,942	0.9860		$5,862	$241,955	0.9758
7	U.S. WEST	$16,533	$1,013,710	0.9837		$4,045	$240,341	0.9832
8	CENTRAL TELEPHONE CO.	$478	$40,956	0.9883		$135	$5,857	0.9770
9	CINCINNATI BELL TELEPHONE	$412	$33,341	0.9877		$239	$16,071	0.9851
10	CONTINENTAL TELEPHONE CO.	$2,005	$60,941	0.9671		$481	$9,688	0.9504
11	GTE	$19,440	$897,416	0.9783		$7,137	$160,996	0.9557
12	LINCOLN TELEPHONE CO.	$0	$14,186	1.0000		$0	$3,107	1.0000
13	ROCHESTER TELEPHONE CORP.	$785	$17,621	0.9554		$432	$8,070	0.9464
14	SOUTHERN NEW ENGLAND TELEPHONE	$3,694	$162,858	0.9773		$1,143	$47,389	0.9759
15	UNITED TELEPHONE SYSTEM	$1,715	$170,420	0.9899		$679	$35,704	0.9810

Sub-Category Revenue Requirement Reductions for Certain
Switched Traffic Sensitive Access Elements
($ Thousands)

LEC	TS Element	Amount of Reduction
Pacific	Equal Access	$1,700
Michigan	Equal Access	$204
Ohio	Equal Access	$72
NET	Equal Access	$134
Bell Atlantic (NJ)	Equal Access	$562
Bell Atlantic (PA)	Loc Transport	$498
Illinois	Local Switching	$4,033
TOTAL		$7,203

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